

Recruiting in Public Accounting

An Honors Thesis (HONRS 499)

by

Robert H. Fields

Thesis Advisor - Dr. W.T. Wrege

A handwritten signature in black ink, reading "W.T. Wrege". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

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## PURPOSE OF THESIS

This video is a compilation of answers to questions regarding interviewing perspective employees from the recruiters of six public accounting firms. Each question is introduced and then answered (in video clip form) by either two or three recruiters. The purpose of this video is to give a student, who is interested in interviewing for a career in public accounting, a chance to see what types of things recruiters judge when making hiring decisions for their firms. The areas covered by questions were based on articles from accounting journals regarding recruiting. The video is meant as a means to get students to effectively critique themselves and their preparation for the interviewing process.

DEVELOPMENT OF  
RECRUITING IN PUBLIC ACCOUNTING

## **RESEARCH PHASE**

The first step in the process was locate and read material (from reputable accounting periodicals) that pertained directly and indirectly to the recruiting process. I wanted to be sure and base my questions on established information, not things I "made up". I have included some of these articles as a sample of research I did.

# INTERVIEW TECHNIQUES FOR HIRING THE RIGHT GRADUATES

*Make sure you're watching for  
the personality indicators  
that tell whether a candidate will  
fit with your firm.*

by Richard Case

**Y**

ou're sitting in a small booth next to several other recruiters. Across the table is your twelfth interview of the day, another young accounting major who says he wants to be either a partner in a CPA firm or a CFO in industry. (They learn these little gems from fraternity alumni who "know the ropes.") You're tired of hearing the same things all day, but you kind of like him, so you put him on the list to invite to your firm. Several weeks later the other interviewers at the firm recommend you make an offer to this likable kid.

As the months pass, however, the new employee can't seem to keep up. He's rather lazy and is causing conflict with every senior he works for. How is this possible? Did you make an error in judgment or is the interview process itself to blame? Can anyone really foresee whether a candidate will be successful? Or is hiring the right person just luck? Besides, you're an accountant and you shouldn't be asked to be an expert interviewer, anyway.

Recruiting the right graduate means the difference between your firm's future success and mediocrity. This article discusses

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how to prepare for, conduct and evaluate an interview to improve your batting average and minimize hiring mistakes.

## PREPARING FOR THE INTERVIEW

The purpose of recruiting at the college level is threefold:

1. To have junior staff to perform the necessary detail work.
2. To gather a pool of talent to be future senior executives and partners.
3. To help the firm grow by soliciting new clients.

With these objectives, the key task in recruiting the college graduate is to locate and hire raw talent—talent that fits the firm. This talent must be evaluated on

- Physical appearance.
- Character.
- Intellect.
- Academic achievements.
- Emotional characteristics.
- Personality style.
- Computer literacy.

Preparation for the interview also will include evaluating the firm to gain insight into the personal traits that fit it. Before your day of 45-minute interviews starts, you should

1. Know the personality of your firm.

2. Know your firm's current needs.
3. Understand basic personality types.
4. Review the candidates' transcripts and extracurricular activities.

**Know the personality of your firm.**

Check with your firm's management to agree on a clear description of your firm based on the following scale:

Aggressive .....	Conservative
Innovative .....	Status quo
Quick decision .....	Slow decision making
Risk taking .....	Caution making
Team playing .....	Individualistic
Family atmosphere ...	Formal atmosphere
Fast work pace .....	Slow work pace
Expanding .....	Stable

Your interviews should focus on finding students who will fit with the firm. Most problems occur because of a mismatch between an individual's style and the firm's culture. For example, one local firm recruited an aggressive kid with a professional image and ambitious desires. The firm's culture, however, emphasized the status quo and the pace was slow. After a month, the conflict between the individual's style and the firm's culture was so great that he was asked to leave.

**Know your firm's current needs.** It's important to evaluate your firm's strengths and weaknesses, pinpointing where talent will be needed over the next few years—marketing, technical, functional (tax, audit, cost accounting), systems, computer or management expertise.

The interview process should focus on selecting candidates whose natural strengths will shore up your firm's weaknesses. For example, one firm had a strong reputation for its technical expertise, but its client base was shrinking since its technical geniuses deplored practice development—an obvious weakness. Thus, recruiting focused on students who were extroverted, liked to be in groups and enjoyed extracurricular activity—talents that could be turned to practice development.

**Understand basic personality types.** Personality is a key issue. It's easy to find students who excel at school and who can pick up technical skills. What's difficult is to understand a person's natural working style and then predict how that person will perform in your corporate culture. The four basic personality styles are listed in the sidebar at right.

**Review transcripts and extracurricular activities.** Since interview time is limited, don't spend time asking yes-and-no ques-

tions about the candidate's courses or activities. Do your homework before the interview begins.

## CONDUCTING THE INTERVIEW

There are two secrets to conducting a successful interview:

1. Let the candidate do 80-90% of the talking.

2. Focus on the candidate's behavior. Watch for what's important to the candidate rather than what's said.

Frequently, an interviewer forms an impression during the first few minutes and then dominates the conversation, asking standard questions, such as, "What courses have you taken?" "What are your career goals?" "Do you want to get your CPA?" "Do you like tax or audit?" "What are your strengths and weaknesses?" "Do you like practice development?"

The key is to avoid making up your mind quickly. Let candidates talk about themselves and what interests them. Focus on actions, movements, body language, voice inflections and basic style. You can get important clues about a candidate's potential fit with your firm by watching such behavior closely during the interview.

## THE INITIAL APPROACH

At the start of the interview, explain its purpose: "I'm here to tell you about the firm and to select candidates to visit it." Establish time limits for the interview. Then start with an opening statement such as, "Tell me about yourself."

The candidate's response immediately tells you a little bit. For example, if the candidate begins in chronological order

## ASSESSING PERSONALITY TYPES

Successful recruiting of new college graduates involves matching your firm's culture and employment needs with an individual's personality and needs. There are four basic individual personality types:

1. **Dominant-aggressive.** Risk taker, task oriented, weak on details, quick decision maker, moves things forward.

2. **Talker-persuader.** Group oriented, people oriented, weak on detail, needs freedom, likes attention, poor in follow-up.

3. **Steady-organized.** Systematic, rule oriented, good follow-through, slow to change, tends to be reserved.

4. **Detail-perfectionist.** Makes sure everything is right, tends to be indecisive, slow, very accurate, keen attention to facts and detail.

from birth through school, you can figure a very systematic mind. Does the candidate talk in detail or in generalities? Is the focus on precise, accurate facts or on accomplishments? Is the candidate a talker, a storyteller? Is the candidate emotional and aggressive or passive and cautious?

#### **GO WITH THE FLOW**

From that first open-ended question, let the interview flow where it will. This is very important. Don't have a set agenda and don't follow one series of questions for everybody. Let candidates take the interviews where they want to. You can check out the history and facts later during the second round of interviews and through reference checking.

Listen and watch the candidate. If you see something unusual on the candidate's transcripts or the interview brings out something, pursue it. Notice if the mood picks up, if the candidate becomes animated or seems to be interested in certain things.

For example, during one interview I conducted, one of the applicants became ani-

■ "What are some of your likes or dislikes?"

■ "What do you want from life?"

■ "What do you like to do when you're not studying?"

■ "Why did you select accounting and finance as a major?"

Do these ambiguous questions make the candidate nervous? Are they handled logically? Or are the answers indecisive?

Besides making the mistake of asking yes-and-no questions, many interviewers also ask questions that they've answered ahead of time. For example, I've watched interviewers tell an applicant they pride themselves on having people who are willing to work overtime six days a week. Then, they ask the candidate, "Are you willing to do that?" Most candidates will answer yes.

#### **LOOK FOR VALUE JUDGMENTS**

As you go through the interview, look for the whys—that is, ask questions such as, "Why did you do this or that?" "Why is this important, but that's not important?" These questions illustrate reasoning power and elicit the candidate's value judgments. Recently, I interviewed an applicant who responded to "What courses didn't you like at school?" with "A few." I then asked, "Why did you dislike them?" He responded that he had autocratic teachers who had many rules and assignments. He didn't like working that hard, and he certainly didn't like all the detail. This gave me great insight into what kind of frustrations this person would have, and I could figure out whether he would fit with the firm or not.

Write down your impressions during the interview. Don't worry about remembering facts. Instead, watch, listen and probe.

#### **CLOSING THE INTERVIEW**

Before the interview ends, you'll want to spend some time talking about your firm to encourage the candidate to visit it should you make the offer. Don't waste your time giving a standard pitch with all the facts about your firm. The candidate should have checked these out already. Instead, focus on such things as why you elected to work for the firm and why you're still there. Be honest, share some of its strong and weak points and express your enthusiasm. This personal touch will encourage the right candidates or discourage the wrong ones. Your objective will be met in either case.

#### **INTERPRETING THE INTERVIEW**

After you finish the interview, it's time to interpret what you've learned. The interpretation process is very different from the

## **Don't follow one series of questions for everybody. Let candidates take interviews where they want to. You can check out the facts later.**

mated as we talked about computers. I said, "Tell me more about it." He then went on to explain his skills in computer programming and systems development. Thus, I was able to discern what his real interests were. My decision to hire him would depend totally on matching those interests with our firm's needs. If we needed computer development, he'd be a good fit. However, if our primary needs were elsewhere, he wouldn't be the right person to hire.

Keep in mind that an interview is a conversation, not an interrogation. The applicant won't be open and honest if you cross-examine like a district attorney. Don't be overbearing and don't put candidates on the spot during the interview.

#### **ASK OPEN-ENDED QUESTIONS**

Ask provoking, open-ended questions that require thoughtful answers. The fuller responses will reveal the candidate's real personality. Good, open-ended questions are

interview itself. Here are some guidelines for interpretation:

**1. Be very critical in analyzing the candidate.** Ask yourself whether the candidate has the primary characteristics that will contribute to your firm's success. Will he or she block your firm's goals or be frustrated in its culture?

## CANDIDATE RATING SCALE

The key task in recruiting the college graduate is to locate and hire raw talent—talent that fits the firm. Use the scale below to rate applicants.

**Scale: 1 = Very weak 10 = Very strong**

\_\_\_\_\_ Physical appearance (dress, grooming)

\_\_\_\_\_ Character (reliability, honesty, integrity)

### **Intellect**

\_\_\_\_\_ Mental ability

\_\_\_\_\_ Judgment

\_\_\_\_\_ Flexibility

\_\_\_\_\_ Ability to communicate

### **Emotions**

\_\_\_\_\_ Outside interests

\_\_\_\_\_ Work ethics

\_\_\_\_\_ Motivation to succeed

\_\_\_\_\_ Positive attitude

\_\_\_\_\_ Stability

\_\_\_\_\_ Self-confidence

\_\_\_\_\_ Team player

\_\_\_\_\_ Sense of humor

\_\_\_\_\_ Teachable

\_\_\_\_\_ Personality (fits firm's culture and current needs?)

\_\_\_\_\_ **TOTAL**

\_\_\_\_\_ Computer literacy

\_\_\_\_\_ Grade point average in major

\_\_\_\_\_ Grade point average overall

\_\_\_\_\_ Rank in class

\_\_\_\_\_ Outside activities \_\_\_\_\_

**2. Base your judgment on behavior, not on what the candidate said.** If you have let the candidate talk and express real personality, what did the underlying body language say about the candidate's personal life-style?

**3. Determine how the candidate interprets things.** What themes were emphasized? Where was the attention focused? These provide hints about the ways candidates view themselves, and they indicate how candidates will respond to different situations. For example, I interviewed a candidate who kept referring to problems he had in math and who spent much of the time trying to convince me that this wasn't a problem—even though I wasn't prompting him. I felt he had real insecurities about his ability in this area.

### **SCORING THE CANDIDATES**

The sidebar at left presents a score sheet for interpreting how one candidate compares with another. For each candidate, answer this fundamental question: "Would you want this person to work for you on your team?" After the day is over, review your ratings and then ask back the clear winners. This will help you select the cream of the crop.

When a candidate visits your office, schedule interviews with several other people who also should evaluate the candidate in the same way, with the same method. Make offers only to those who have received unanimous votes of approval. If someone has a problem and votes no, that insight is usually correct.

A final two additional tasks need to be performed:

**1. Make a reference and background check,** calling teachers at random. Have the teachers rate the student according to your criteria list on the same scale of 1 to 10. Remember that past behavior is always a predictor of future behavior. If the reference check reveals a problem, move the applicant to a lower category and only pursue him if your other candidates don't accept.

**2. If the candidate is married,** invite the couple to dinner. You'll see them in a different setting and be able to learn if there are any major problems in moving, work habits, overtime and so forth.

### **IMPROVING THE FIRM'S PERFORMANCE**

Interviewing is always a difficult, imprecise task. The key is to let the candidates talk about themselves. When you hire those people who best fit your firm, there will be less turnover, more employee satisfaction, fewer problems and less expense. ■



# DOES YOUR FIRM USE THE RIGHT APPROACH IN HIRING CAMPUS RECRUITS?

*Compare your recruiting techniques  
with those of Massachusetts  
national and local firms.*

**by Anthony T. Krzystofik and Richard Fein**

P

ublic accounting firms already spend significant amounts of time and money recruiting qualified college graduates for entry-level accounting staff positions. These costs are due to rise even higher because the number of students preparing for public accounting careers has been tapering off for several years and recruiters will have to conduct wider searches.

To shed some light on what works and what doesn't in recruiting attractive candidates, the authors examined the campus recruiting practices of the largest national, regional and local CPA firms in Massachusetts. (We will use the term *local* to de-

scribe both regional and local firms.) In our survey, we looked for answers to the following questions:

1. What are some similarities and differences between the recruiting processes of national and local firms?
2. How do they screen the resumes of prospective candidates?
3. Who conducts campus interviews? Office interviews? How are candidates evaluated at these interviews?
4. How do firms make decisions on job offers?

## **WHO SCREENS THE RESUMES?**

National firms generally assigned the task of reviewing student resumes for first interviews to personnel directors or college relations managers. Partners and managers usually joined the hiring process later on, when they played a major role. In local firms, partners or general personnel staff (often in consultation with partners) reviewed the resumes.

Few firms had written policies or guide-

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W.T. GIBBONS

lines for evaluating resumes. Those submitted by applicants on their own (with no introduction by their colleges or other sponsors) were considered on a par with all others. However, the firms did prefer that resumes be submitted in the fall rather than the spring of a candidate's senior year.

#### **WHAT WAS IMPORTANT AND WHAT WAS NOT**

We asked the responding firms to pinpoint the most and least important factors out of a list of 11 that could be used to select candidates for a campus interview. The national firms unanimously agreed that the most important factors were evidence of leadership, overall grade point average (GPA), GPA in accounting and work experience in accounting, in that order.

Local firms placed much less emphasis on leadership experience. Among these firms, GPA in accounting was most important, followed by work experience in accounting, overall GPA and, only then, evidence of leadership.

There were some surprises in the factors cited as the least important. Neither national nor local firms were very impressed by candidates' participation (or lack of it) in campus or other social, civic or religious activities. This attitude conflicts with long-held views that businesses prefer "well-rounded" individuals whose extracurricular commitments identify highly motivated achievers. Respondents also indicated that the format and presentation of resumes was of little import. Normally, business organizations use resume format as an indication of a candidate's ability to organize facts and data properly.

We also asked for factors that would be seriously detrimental to a candidate's chance of being selected for a first interview. As might be expected, both national and local firms considered a criminal conviction to be the most serious detriment. Others included class rank lower than the top 25% of the class, resumes that were difficult to follow and membership in a fringe political group or religious cult.

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#### WHO WAS INVITED BACK

We used a similar technique to determine how the CPA firms evaluated candidates during the first interview. We asked them to pinpoint the most important and least important factors that influenced their decisions to invite candidates back for second (or office) interviews.

The four most important factors for national firms were oral communication ability, demonstrated leadership potential, self-confidence and outgoing personality.

Local firms agreed that oral communication was most important, along with intellectual ability and professional image, but regarded an outgoing personality as one of the least important factors.

A sense of civic responsibility ranked at the bottom of the list as the least important of the 11 factors for both local and national firms. This was followed closely by a sense

those used at the first. However, others said they would place more importance on the candidate's knowledge of the firm and ability to get along with coworkers.

#### COMPARE YOUR HIRING PRIORITIES WITH YOUR PEERS'

We asked the responding firms to rate the following summary evaluations of candidates who had second interviews on a scale of 1 (the most likely to be hired) to 7 (the least likely). We'll discuss the responses in the next section. Before we do, rank each one yourself, and see how your evaluation compares with the appraisals of the responding firms (see the box on page 88).

1. The candidate was rated good to excellent by all interviewers but seemed to be fatigued at day's end, raising concern about his energy level.

Your rating \_\_\_\_\_

2. The candidate was rated excellent by all interviewers except the partner in charge, who rated him satisfactory based on bad chemistry.

Your rating \_\_\_\_\_

3. The candidate was rated excellent by all interviewers. However, a highly respected staff member, who didn't interview him, said he knows the candidate from their common hometown. This staff member insisted the candidate is a pathological liar and a malicious gossip and is unfaithful to his girlfriend. The staff member is never wrong when he makes statements about other people.

Your rating \_\_\_\_\_

4. The candidate (GPA: 3.0) was initially interviewed as a favor to a staff member. He presented himself well and was invited to a second interview. Everyone thought he was sincere and likable, with good communication skills and high motivation and energy levels. However, the audit partner, who didn't interview him, thinks it's important to tell clients his auditors are "the best and the brightest."

Your rating \_\_\_\_\_

5. The interviewing partner thought highly of the candidate. However, the interviewing manager was deeply concerned that the candidate's peer group wouldn't like his personality.

Your rating \_\_\_\_\_

6. The candidate is president of her college chapter of Beta Alpha Psi. She is a

### Both national and local firms ranked partners as the most important and reliable people involved in the decision to make a job offer.

of competitiveness. The lack of interest in these last two traits surprised us, since they appear to be very desirable characteristics for people entering the very competitive, service-oriented public accounting profession with its high ethical standards.

When we asked for items that were considered seriously detrimental to a candidate's chances, we received few responses. At this early point, it appears that both national and local firms were more interested in finding reasons to conduct further interviews than in looking for fatal character flaws that would eliminate candidates altogether.

#### WHO DECIDES ON THE JOB OFFER?

As we mentioned earlier, partners became involved in the hiring process at the second interview, when job offers were often extended. Both national and local firms ranked partners as the most important and reliable people involved in the decision to make an offer, followed by managers, personnel directors and staff accountants.

Many national and local firms indicated that the characteristics evaluated at the second interview would be the same as

favorite of the faculty and they helped ensure a large attendance at an informational reception given by your firm. Her initial interview was waived. At the office interview, she expressed deep interest in the firm but presented herself poorly based on most of the criteria in the candidate evaluation form.

Your rating \_\_\_\_\_

7. The candidate was consistently rated excellent by all interviewers. However, the candidate's luncheon host said he is highly eccentric in his private life (for example, sleeps on a bed of nails).

Your rating \_\_\_\_\_

#### WHAT THE RANKINGS SHOWED

The scenario-ranking results offered a number of surprising insights into the interviewing process and its consequences. Indeed, readers that ranked the candidates along more or less traditional lines will almost certainly find their evaluations run far afield of firm responses.

Unlike other sections of the survey, the rankings of the local and national firms here were very similar. In three of the seven scenarios, they were identical and they were never more than one point apart in the other four. This suggests that, while the local and national firms take different approaches to recruiting, they both seek the same characteristics.

The first broad conclusion to be drawn from the scenarios is that the office pecking order doesn't always mean that much in the hiring process. Partners are most influential in extending job offers, but this does not mean their views always prevail. For example, the candidate in scenario #2 received a 2 and a 3 rating from national and

local firms, respectively, despite the "bad chemistry" between him and the partner in charge. Similarly, the endorsement of the interviewing partner failed to overcome the doubts of the manager in scenario #5. As a result, the candidate was rated 4 by national firms and 5 by locals.

The scenarios also point out that information obtained outside the formal interview is often more important than the interview itself. An accusation by an unnamed staff member resulted in a 7 rating by both local and national firms for the candidate in scenario #3, despite excellent interview results. Again, a disturbing report by a luncheon host on a candidate's eccentricities in scenario #7 resulted in a 6 rating by both local and national firms despite excellent formal interviews.

Finally, the ratings indicate that academic achievement, while important, is only one of many criteria used in the hiring process. In scenario #4, a candidate with a mediocre GPA received a 1 rating from both local and national firms because of attractive nonacademic qualities, despite the audit partner's desire to hire only "the best and the brightest." On the flip side, the academically qualified candidate in scenario #6 received only a 5 from national firms and a 4 from locals because of poor performance at interviews.

There are no broad conclusions to be drawn from scenario #1, except to note that the candidate's lack of energy probably cost a point or so in the ratings. He was rated 3 by national firms and 2 by the locals.

#### WHERE DO LOCAL FIRMS FIT IN?

Our survey points out that local firms seek to attract candidates with profiles very similar to those sought by national firms. The only real differences are that local firms prefer candidates with previous accounting experience and national firms have somewhat more rigorous academic standards.

However, besides a much less formal college recruiting effort, local CPA firms start with a major handicap. Justified or not, the perception among college students is that national firms offer more status and opportunity. Thus, local firms are often placed in the position of filling entry-level staff positions with those the national firms reject.

If local firms are to compete for the best candidates, they must make a greater effort to get their stories across on campus. Obviously, any such effort would involve extra expense. If in-house personnel directors are too costly, groups of local firms might band together to hire a college relations professional to represent them. ■

#### How the firms ranked the candidates

	National	Local
Scenario #1	3	2
Scenario #2	2	3
Scenario #3	7	7
Scenario #4	1	1
Scenario #5	4	5
Scenario #6	5	4
Scenario #7	6	6

# MANAGEMENT OF AN ACCOUNTING PRACTICE

## CPA Firm Personnel Policies and Procedures: Ramifications of Wrongful Discharge Litigation

Three CPA firm quality control elements focus on human resource management—hiring, advancement, and professional development. These elements are critical to a CPA firm. As competition for new entrants into the profession intensified beginning in the 1970s, firms adopted more professional personnel management techniques; and many developed personnel manuals for professional employees.

Many firms preparing for peer review documented their personnel policies and procedures, and with the forthcoming implementation of the AICPA's practice monitoring program, even more firms will do so. When inadequate attention is paid to the legal effects of this documentation on employee rights, unforeseen litigation may result. The law has changed with respect to the termination of employees. Courts try more civil cases against former employers on the grounds of wrongful discharge. Often, documented personnel policies and procedures are used in formulating a case against an employer.

### Background

Throughout most of American legal history an "at-will" employee (i.e., non-union, private sector) could be terminated with or without cause in the absence of an express employment contract or protective legislation. Virtually all CPA firms view employees as being at-will. Today, there is a growing body of law granting new common law rights to some terminated at-will employees. The legal theories conferring these rights are generally called actions for "wrongful discharge" (termination) or "unjust dismissal." The most prominent cause of this change has been the sudden surge in judicial decisions recognizing wrongful discharge or unjust dismissal.

In recent years, this new theory has developed into a recognized cause of action; it is rapidly growing and gaining strength.

### Judicial Erosion

Recent cases have sent a clear message to employers that dismissal for illegal demands on employees or demands on employees to do illegal acts can lead to a successful wrongful discharge litigation.

Verdicts against employers have been based upon a clear public policy being violated by the employee's termination. In earlier cases, the public policy was clear and explicit, e.g., perjury. More recently, courts have become more expansive in their finding of public policy violations. In *Kalmon v. Grand Union Co.*, an employee was fired for refusing to open the store's pharmacy without first having a licensed pharmacist on duty. This case, focused on two important issues: 1) state law requiring a licensed pharmacist to be on duty; and 2) the pharmacist's professional code of ethics, which also required the presence of a licensed pharmacist.

### Employee Contracts

At-will status is defined in the absence of an expressed promise of employment for a specific term. Courts have begun to look at other evidence of a contract beyond a written document between employer and employee. Contractual claims have been made by at-will employees based upon publications, representations, and/or actions by management. In 1984, of the 229 state and federal decisions on the "at-will" doctrine, 110 included an employee's claim that an implied-in-fact employment contract had been created by the employer's handbook, manual, policies, procedures or statements. Further, some courts permit a contractual claim by recognizing an implied covenant of good faith and fair dealing as part of the employment relationship.

Employee manuals and handbooks are the ripest area to discover grounds for alleging breach of employment contract. It may be a critical area for CPA firms. The accounting literature on CPA firm employee manuals generally focuses on developing policies that promote both professionalism of the employee and consistency of personnel management procedures. Scant attention is paid to legal considerations. Possible pitfalls are suggested by two following cases cited.

Consider *Toussaint v. Blue Cross and Blue Shield of Michigan*. While being recruited, Toussaint inquired about job security and was told he would be with the company "as long as I did my job." Toussaint was handed a manual of Blue Cross personnel policies which reinforced the oral assurance of job security. It stated that it was the policy of the company to release non-probationary employees "for just cause only." In af-

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firming a jury verdict, the court held that: "1) a provision of an employment contract providing that an employee should not be discharged except for cause is legally enforceable although the contract is not for a definite term ... ; and 2) such a provision may become party of the contract either by express agreement, oral or written, or as a result of an employee's legitimate expectations grounded in an employer's policy statements.

The recent case of *Woolley v. Hoffman-LaRoche, Inc.*, may indicate the future trend in litigation. A civil engineering group leader of nine years service was discharged. The stated cause was the loss of confidence in him by his supervisors. The employment manual provided that discharges due to poor performance or discipline were regulated by detailed procedures. Since these procedures were not followed, Woolley claimed a breach of contract. The New Jersey Supreme Court held that such termination clauses were enforceable.

#### Future Trends

In the last 15 years, wrongful discharge cases have increased by approximately 800%. This trend will probably continue as more states recognize exceptions to the employment-at-will doctrine.

There are still major differences between states—even neighboring states. For example, a Pennsylvania court held that just cause and disciplinary provisions in an employee handbook do not alter the at-will relationship unless such intent is truly indicated by the employer. The neighboring state of New Jersey, however, holds a contrary opinion as articulated in the *Woolley* case. Even if a CPA firm operates in a state in which courts have rendered decisions more favorable to the at-will doctrine, this significant trend cannot be ignored.

#### Quality Control System Design

Trends in wrongful discharge litigation have implications for the quality control system of CPA firms. Quality Control Standard No. 1 specifies and describes nine elements of quality control. Two elements have potential wrongful discharge implications—hiring and advancement. They specify that a CPA firm's quality control system should contain a clear definition of operational responsibilities for management personnel, professional personnel,

and non-professionals. The policies and procedures should be documented, and there should be adequate methods for their communication. Additionally, there should be a monitoring of compliance.

### Cost-Benefit Considerations

There is no single "right way" of designing a quality control system. The authoritative literature recognizes that firms should weigh costs versus benefits in considering system design options. This cost-benefit analysis applies to the detail of design. For example, a firm needs to weigh whether its employee manual should simply state, "be professional" or whether it should contain a detailed 20 pages on what being professional means in various situations.

A few factors need to be considered. First, the high success rate of plaintiffs in wrongful discharge cases. A 1984 study of California wrongful discharge verdicts revealed a 91% success rate for employees with an average jury award of \$400,000. Second, employers must be realistic in that wrongful discharge cases will be tried before a jury composed mostly of employees. Third, wrongful discharge cases can be brought by either professional or non-professional employees. Since the courts increasingly have decided in favor of employees based on an implied-in-fact contract created by employer custom practice, policy, or publications, CPA firms must be careful to make clear any distinctions between the professional and non-professional employees.

### Hiring

A CPA firms' objective in hiring is to maintain a program designed to obtain qualified personnel to meet its

needs. Qualifications must be set, and guidelines for evaluating potential hirees at each professional level must be established. These objectives should be pursued so the firm can maintain the employment relationship on an at-will basis. Careful scrutiny must be given to printed recruiting materials and care taken by recruiters in oral statements to candidates.

To preserve the at-will employment relationship, the following initiatives are available:

- Recruiting material should be reviewed for language that could be construed as a promise of continued employment.

- Recruiting material should not contain statements that might imply that a just cause is required before dismissal.

- Recruiters should receive training focusing on the legal problems that can arise from casual statements to recruits.

- Recruiting efforts should focus on the growth potential of being associated with the CPA firm, as opposed to job security.

Thus, recruiting efforts should make it clear that an at-will employment relationship does exist, and no promise of job security is being made. At the same time, the firm should communicate a clear understanding that it would like its professional people to grow with it. Forms used to guide interviewers should be reviewed and modified to reflect the firm's intentions.

While applicants are being informed of the firm's relevant policies and procedures a more detailed effort is needed for new hirees. Many CPA firms have a formalized orientation program. During orientation, a CPA firm wants to convey a feeling of optimism to the new employee; yet common sense

would dictate that statements like "you are on your way to partner!" should be avoided. A jury may interpret this as a promise of permanency in subsequent litigation.

Firms should consider playing devil's advocate in reviewing their orientation checklists and materials. Materials should be reviewed as if the at-will relationship has been questioned. Printed materials used in the orientation process can be modified to remind those conducting the orientation that no unauthorized assurances or representations be made. It should be clearly stated to those responsible for orientation that even informal oral assurances made by managers during this time can be risky. Firms should consider asking new employees, as a condition of employment, to sign an express statement that employment is for no definite time and can be terminated at any time by the employee or by the firm. The use of a carefully worded "sign-off sheet" in a consistently at-will environment should survive judicial scrutiny. The following disclaimer has been upheld by several courts:

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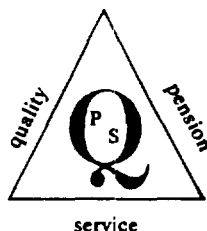
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The personnel manual should also be reviewed for possible misinterpretation. The firm should consider the language in the *Woolley* case that "... our courts will not allow an employer to offer attractive inducements and benefits to the workforce and then withdraw them when it chooses, no matter how sincere its belief that they are not enforceable."

### Advancement

The CPA firm's policies and procedures for advancement should establish qualifications deemed necessary for various levels of responsibility. By so doing the firm stresses that personnel must acquire certain skills and capabilities to advance. The firm should communicate the normal time frame for advancement. It should make clear that such advancement is a condition for continued employment.

By formalizing staff positions with titles and specifying the criteria and timeframe for reaching each level within the firm, the at-will relationship is emphasized. The language used in defining these levels should stress the competitive nature of achieving such levels and the personal growth required. Whether these levels are identified in the firm's quality control document or its personnel manual, it should be made clear that the firm has the right to unilaterally change the qualifications and definitions of levels.

A second advancement objective is to evaluate the performance of personnel and to periodically advise them of their progress. Making honest and straightforward personnel evaluations is not easy. Firms should carefully review evaluation forms used. They should provide enough guidance to the evaluator so that the critical aspects of the employee's performance are consid-



ered. For the professional employee, the process should be aimed at determining whether the employee has gained the skills and knowledge necessary for his/her current position and the next one that he/she is striving for. A candid evaluation benefits both the employer and the employee.

Some evaluators have a difficult time giving a candid evaluation. There may be a tendency to be less than candid in the written evaluation and falsely indicate satisfactory performance which can backfire when future termination for substandard performance is answered by a law suit. This caveat applies to both professional and non-professional employees. In another case, the court held that it was a breach of duty and unreasonable not to tell an employee that discharge was possible without a change in job performance. In spite of a finding of 83% contributory negligence (poor performance), the case resulted in an award to the employee.

Personnel evaluation forms can document the fact that evaluation was performed and the results clearly communicated to the employee. One procedure is to have the employee initial or sign the completed evaluation form.

This form should state that the employee has had an opportunity to express his or her point of view and is aware of the firm's advancement policies and procedures.

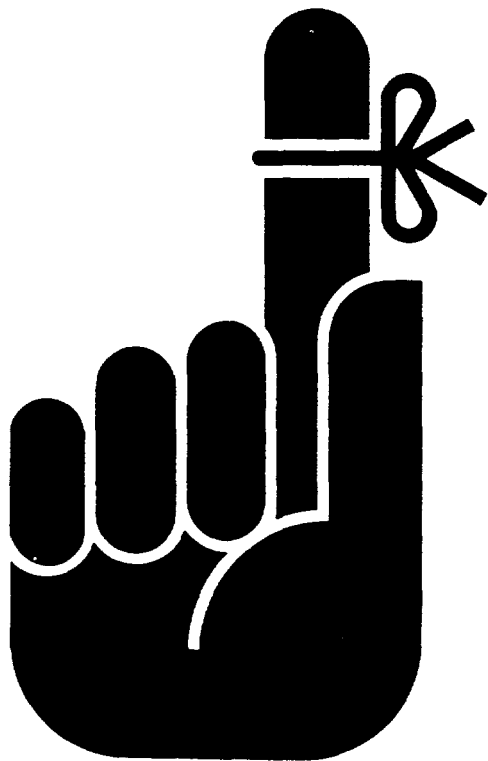
It is advisable to have these advancement policies and procedures contain a provision for resolving conflicting evaluations, which may arise from differences in opinions about performance on specific engagements. Another option is to give the employee a copy of the evaluation. This evidences openness and shows that the employee can challenge the evaluation.

If termination is a possibility, there should be a place for specific deficiencies to be documented. The evaluation should state why there is a problem, what the employee has to do to change and resolve the problem, and the potential consequences if improvements are not made. Such documentation will protect the firm from the accusation that arbitrary decisions were made about the employee's employment.

Responsibilities for making advancement decisions must be clearly defined. An administrative partner or a committee chairperson might be designated for making these decisions. A for-

malized process should be specified and followed. If procedures change, their documentation should change. The greatest care should be given to termination procedures. These should be clearly documented and it is advisable to have an internal review process which affords both management and the employee a second look at the decision. For example, a second partner not involved with the termination recommendation could review the employee's evaluations and make an investigation of any uncertainties. This at least presents the appearance of procedural fairness. Again, it is important to note that 1) the jury is likely to be composed of employees, and 2) the trend in judicial decisions is adverse to employers who fail to follow their own review procedures. In more difficult cases, firms should consider the use of mediation services or outside consultants. These can be useful for resolving a dispute because they are non-binding and not adversarial. □

Wayne G. Bremser  
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# SCALING THE RECRUITMENT WALL

Four experts  
discuss how  
they're overcoming  
the challenges of  
diversity and the  
skills gap in  
the '90s

By Allan Halcrow

*Recruitment and retention strategies are never easy to develop, but they seem particularly challenging in today's economic climate. After years of hearing about the coming labor shortage, many employers have had to lay off people during the recession. This has created an excess labor pool in some industries, at least temporarily.*

*On the other hand, economists predict that the current recession will be relatively short, and that when it's over key employees will be more important than ever. This means that employers are grappling with hiring, layoffs and retention strategies all at once, all of which are complicated by an overlay of diversity and training issues.*

*How can employers cope? PERSONNEL JOURNAL and the Providence, Rhode Island-based law firm of Tillinghast, Collins and Graham recently sponsored a panel discussion to explore the issues. Participants included Karen Danziger, vice president, director of recruiting, editorial/creative services for The Howard-Sloan-Koller Group; Jacqui Marshall, director of personnel, The Washington Post; Irwin J. Schauer, chief, personnel division, NASA Langley Research Center; and attorney Judi Kapuscinski.*

**Marshall:** The *Post* has a historically strong reputation for staying lean most of the time because the newspaper business is cyclical. On the up side, being lean creates an atmosphere of stability; the down side is that stability can foster a certain lethargy among people. They may feel they can get away with mediocrity. Even during tough economic times, you must still do a certain amount of recruiting



**Jacqui Marshall**

Director of Personnel  
The Washington Post

*"This is marketing and I don't think you have to be ashamed to say so."*

and maintain visibility in the marketplace.

About 10 years ago, the newspaper industry realized that its work force wasn't representative in terms of diversity. In response, the papers created industry-driven job fairs. About 15 are held each year. Beyond that, when we are not actively hiring we shift our emphasis away from costly job fairs to campus visits, making speeches and doing local presentations on the newspaper business.

**Schauer:** We are part of the federal government, and therefore the federal budget obviously affects what we're doing. Beyond that, there are three issues that I think are affecting our recruitment and retention efforts. First, we have noticed a changing employee mentality about loyalty. People are asking, "What can the company do for me?" When they start working for a company, they don't think they will retire from that company. It's not bad; it's different.

Second, the educational system is graduating people with insufficient basic skills in reading, writing and arithmetic. That impacts employers in a significant way: We must pick up the slack. We are training now in basic math. We try to present it as a quality of life issue, as job enrichment. In fact, it also is necessary. Third, during the next decade and beyond, there is going to be a major change in the diversity of the work force.

I can tell you what we're doing to meet these challenges, and it's not enough. We get our recruiters together. Most of them are local, home-grown folks who know their field. They first go through a training program on what cultural diversity means. This training allows them to deal with diversity in an interview setting.

**Marshall:** I would like to pursue this issue of diversity. I think we are learning how to shift the organization in a way that doesn't totally disrupt it. For example, we have made a distinction at the *Post* between valuing differences and managing diversity; the difference is its bottom-line orientation. Managing diversity is not a moral and ethical issue or a legal compliance issue as much as it is necessary for us to remain viable as an organization.

We don't have a plan to get us where we want to be, but we are getting people to sit down and talk about it. That dialogue is also leading to positive discus-



**Karen Danziger**

*Vice President, Director of Recruiting  
editorial/creative services for the Howard  
Sloan-Koller Group*

*"Some companies are sending directives, such as, 'I want a minority.' I have seen many instances in which the stronger candidate is not the minority. It is uncomfortable for me."*

sions about what the *Post* used to be, what it is now, and what we hope it will be. The challenge is how we convey to women, minorities, older people and handicapped people that we are hiring them on the basis of their diversity-free talent but once we have hired them that other difference is important.

**Danziger:** Some companies are sending directives to recruiters, such as, "I want a minority. Please do anything you can to send us a minority." The core issue is specifications for the job, but then there is the overriding message of preferring a minority. I have seen many instances in which the stronger candidate is not the minority. It is uncomfortable for me. I feel we as recruiters aren't really doing what we are supposed to be doing.

**Marshall:** I don't have an answer for you. I don't think your discomfort is unlike what many women and minorities feel. Diversity is one of the issues we talk around because nobody wants to get in trouble legally. I would challenge us as HR professionals to begin to have some dialogue, to be more honest, more direct. I know I'm walking off the cliff here.

**Kapuscinski:** There are some lessons to be learned from handicapped discrimination. In hiring the handicapped, for example, there are things you can do once you have made a job offer that aren't appropriate during the interview, such as asking for a physical exam to make sure that the prospective employee can perform the tasks you're hiring him or her to do. After the offer is made you start looking at reasonable accommodations or using probationary periods. People need to be more creative in using the time between offering a job and having someone start employment.

**Marshall:** I think that's a good idea. It puts some things on the table that would be inappropriate to discuss previously, and helps clarify some expectations. I would like to know from a legal perspective how we as recruiters could discuss some topics before the offer but in a context that says, "This is negotiable conversation."

We must be careful not to assume that, because we have invested in people in that way, it is an act of disloyalty when they say good-bye. We have to consider that if we put people in the profession

## Recruitment Challenges

who are good because we have trained them well, that they become a walking commercial that says, "Gee, *The Washington Post* is great." People then want to know more about that culture. I think we underestimate that power. Increasingly people are making informed career decisions based on a lot of information.

**Kapuscinski:** Just as former interns may help promote a positive image, however, they can promote a negative one. You must also realize that your recruiting strategy may present your organization in a light that isn't accurate. You recruit people and they start work and find that the company is not what they thought. There are two ways you end up with problems. First, you now have a person on staff who feels you haven't been honest. You may lose him or her. Alternately, the employee will stay and feel they are entitled to be there. What have you inherently promised that you weren't planning to promise?

Many places don't have written employment contracts because they state, in black and white, the promises on both sides. I remind people that an oral contract is just as valid as a written contract and therefore what you say can be the basis of a lawsuit. If your recruiting materials tell candidates, "We're like a family," it all but promises a long-term position. If you then terminate someone you face a wrongful discharge action.

**Marshall:** In that situation, we have really set the person up. I'm concerned about the frustration, because by talking the talk and not walking the talk people quickly understand that the reality and the ideal don't mesh. Minorities and women in particular ask questions, and in the marketplace a list develops of places you don't want to work if you are black, hispanic or an aggressive woman. In many ways it does you a great deal of harm.

**Danziger:** The whole issue gets more complicated the more people you have recruiting and talking about your company. It gets further complicated when you bring in an outside recruitment firm or several outside recruitment firms. The moral of the story is that you must have good communication within your company so that everyone is talking one story.



**Irwin J. Schauer**

*Chief, personnel division  
NASA Langley Research Center*

*"Roughly 75 people per year use the career center. If we are able to decrease turnover by 75 per year, that's a lot."*

**Marshall:** Spend time training recruiters to say what you want them to say and only what accurately represents your organization. They can bind you to things that you aren't aware of.

*What is it that turns someone on to a company? What is it going to take to retain somebody, even if retention is three years?*

**Danziger:** I think the most important thing an employer can do to keep key employees is offer a clear career path. Employees value a company that invests in them and promotes them as the opportunities arise. I think that concept is very hard for companies to deal with. HR professionals frequently ask themselves, "What do I do with this person who is doing a great job and isn't challenged any more?" There are some innovative things happening, such as moving employees from one discipline to another: finance to marketing, for example. The value in such plans is that the employee knows the company, corporate culture and procedures.

**Marshall:** That's another up side to lean times: We put much more emphasis to internal hiring. It's easier to move someone around. It gives us a chance to be more flexible. We are doing a couple of news- to business-side shifts of employees. In another time, we didn't have to do that.

**Schauer:** We have established a career development center. It gives employees the opportunity to assess where they are and where they would like to go. We find that many times (and this is especially true of the better employees) people start to reach burnout. We encourage them to go to this career development center. They sit down on their own and take various tests. They get the results and start to talk with a counselor about the kinds of jobs they can do at NASA. Top management has said that there is a mobility policy, and that we will move these people around when it is best for the Center. Roughly, 75 people per year use the Center. If we are able to decrease turnover by 75 per year, that's a lot. Recruitment and retention really go hand in hand. ■

*Allan Halcrow is editor of PERSONNEL JOURNAL.*

# Creating and Changing a Firm's Culture\*

By Francis N. Bonsignore

What is organization culture? Why is it important to CPAs? Basically, culture influences—and reflects—the way in which a firm's human resources, its people, are managed. And people are undoubtedly the most important factor in a firm's achieving its client service and operating objectives.

Under an older model of human resources management among CPA firms, the formula was fairly simple: Get the right number of people, assign and supervise them to produce the "right" number of chargeable hours, apply the appropriate quality standards to gauge performance, and see that staff progression occurs on a tightly managed basis. By doing these things well—keeping to the rules—firms could ensure that they had a steady stream of people for the future, clients were well-served, and the appropriate economic returns were achieved. This is no longer the case.

There are two major aspects to the people challenge that major CPA firms now confront: One is to develop and apply the right professional resources in the management of the practice and the other is to introduce change. Successful professional organizations are adapting to new pressures in the outside environment and to new expectations on the part of both clients and their people. This article involves developing a new human resources model as a major part of such successful responses.

**HEADNOTE:** *The accounting profession is rapidly changing the nature of services it renders to clients, and it necessarily follows that there must be appropriate changes within firms—particularly in relation to the management of professional staff. The author describes in candid and illuminating detail the policies and practices his firm has inaugurated and is carrying out, with the enthusiasm and support of its partners—and with beneficial results for the firm and its clients.*

## The New Human Resources Management Model

The elements of the "new" human resources management model include the following:

- Understanding the professional roles our people will play;
- Ensuring the quality of the individuals that we select;
- Delivering service in new ways;
- Understanding the value added for clients of our services;
- Dealing with a fewer number of professionals as practice economics change and the nature of services provided to clients evolve; and
- Developing new approaches for carrying out our professional work.

It is no longer sufficient to know what engagements involve, to know the performance standards, to recruit and retain the appropriate numbers of people, and to administer

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Waterhouse and serves as  
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\* This article was adapted by Mr. Bonsignore from a presentation he delivered at the NYSSCPA Personnel Conference in Atlantic City, NJ, in June 1988.

the attendant personnel processes. More is needed to be successful and to adapt to changing business conditions.

In all of these "new model" dimensions, there are ongoing challenges to be confronted as well as opportunities. The pressures from external change, and the competitive marketplace for CPA firms, in particular, combine to force firms to examine how to prepare people for careers in public accounting, the work content that they engage in once they are on staff, and how a firm can influence the development of professional leadership in the management of its professionals—all to achieve quality client service and profitable results.

### Ongoing Challenges

The mission in the people area (of which the human resources function is a part) should be twofold: 1) to be responsive to business realities and the competitive market situation; and 2) to change behaviors in ways that offer long-term benefits to staff, the firm, and clients. Changing salaries and pay structures clearly address, in part, the former—that is, the competitive market. However, dealing with the required behavioral changes regarding how people are managed, evaluated, counseled and developed will have much more enduring value for CPA firms and their professionals.

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*... pressures from external change ...  
force firms to examine how to prepare  
people for careers. . .*

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In learning how to manage people in this "new model," the firm should select the right talent and manage the capabilities of their people, in contrast to blindly carrying out recruitment practices and managing the historical roles CPA firm professionals have played. This shift will involve moving from a process-driven philosophy on human resources management to a people-centered philosophy. This direction will serve to change culture. But the nature and extent of such efforts will also be influenced by what a firm's culture is today.

### What is a Firm's Culture?

What do we mean by culture? While a great deal has been written attempting to explain it, culture derives from and is influenced by four basic elements:

- People;
- Structure;
- Management processes; and
- Rewards.

Culture is a derivative of what happens when these four elements combine and interact within any organization.

Moreover, the skillful modification of one or more of these elements can bring about desired and beneficial changes in culture. Each element can be defined briefly:

- *People* refers to the numbers and types of professionals in our organizations, the roles they play, the skills they

bring to our work for clients, and the values and beliefs that influence their behavior.

- *Structure* means not only the formal organization of a firm but also the manner in which people and job roles come together, the methods by which we deliver service to clients, and the configurations of roles and responsibilities we rely upon to accomplish professional tasks in both formal and informal workgroups.
- *Management processes* represent the most encompassing element of culture, including how we communicate, how we evaluate, how we counsel, the procedural aspects of all of our policies, and how we direct, measure, and control our business. It includes formal procedures as well as our management style—and those practices, formal and informal, that drive us and condition our behavior day to day. A great deal of what is encompassed by management process has to do with what is referred to as: "How we do things around here."
- *Rewards* refer to incentives as well as remuneration. Rewards embrace how individuals are compensated and, presumably, motivated. Rewards include not only cash compensation but noncash awards and other forms of recognition and reinforcement.

### Changing a Firm's Culture

A bit of background is in order as to why culture is important and why, for many firms, changing it is essential.

As professional accountants, we confront major changes in our profession; our competitive markets, our client mix, and our talent supply. These changes include the attractiveness of public accounting as a career pursuit, the general quality of trained accounting graduates produced, the educational preparation of accounting professionals, and the nature of the work these professionals perform once they enter a firm. Most important of all, these changes influence the way in which people must be managed in a professional setting—for them to derive the most from their professional experience and for the firm and clients to benefit.

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*... how people are evaluated and  
counseled will have much more  
enduring value. . .*

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Our business mix is changing. There is proportionately less recurring audit work and more projects; more problem solving, and business advisory assignments; less procedural work. Clients want value from our professional efforts.

On the supply side, public accounting is not, in my view, drawing the best people, and how we prepare those who choose needs a fresh look. These changes are too significant to ignore; they pose major challenges and frightening prospects if not addressed.

All of us should be interested in modifying our cultures to be supportive of what we seek to do for our clients; that

is, to make culture a positive variable in meeting our professional obligations and business objectives. Important to keep in mind is that among public accounting firms—no less so than among other successful organizations—the patterns of how we behave are ones that are broken with great difficulty, particularly when we have enjoyed success.

Change must be reinforced with persistent and clear efforts, otherwise "the rubber band phenomenon" occurs. That is, the moment we relax a little on promoting and reinforcing important changes, the organization springs back to its original shape. It has a natural—and understandable—tendency to revert to ways that are comfortable because "that's the way we did things historically." The tougher it is to change, the clearer the indications of how strong the firm's culture is. The more successful that culture has been in meeting business objectives, the more risk in changing it. But clearly, changing markets, services, and talent supply combine to change our professional roles and argue for a response. Changing culture must be part of the response.

#### ***Elements that Can be Changed***

Here are some examples of a few of the things that can be done to make the response real. Assuming that it is done correctly, changing the elements can create cultural changes that support longer-term behavioral changes. These changes can contribute to strengthening our viability in a changing business world and professional setting—and our ability to serve our clients at the standards they expect.

#### ***The People Element***

Let's take the first element—*people*. In our firm, we are hiring more experienced professionals in greater numbers than ever before. Market opportunities and practice needs cannot be met through organic growth. Experienced professionals with two or more years of work experience comprised more than one-third of all hires in 1987. These individuals are coming from ever more diverse backgrounds and different cultures. They bring needed professional capabilities as well as different professional perspectives.

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*... moving from a process-driven philosophy on human resources management to a people-centered philosophy.*

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The firm is hiring more liberal arts graduates than in the past and we are pursuing educational programs that can increase further the number of liberal arts graduates entering our auditing and accounting practice. These are individuals who bring different aptitudes and capabilities and who can achieve certification readily. We believe the skills, intellect, and breadth the liberal arts graduate brings are absolutely essential for creative problem solving and professional adaptability in a changing practice—one that increasingly calls on

CPAs to be business advisers and that requires one to work as part of multidiscipline teams.

Also, the number of paraprofessionals in our firm's audit practice has doubled and we are working toward a goal by 1990 that one of five individuals hired at the entry level in the audit practice will be a paraprofessional. And we are encouraging postgraduate business study for our exceptional performers so that they can acquire the types of skills and exposures they need to be future leaders.

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***Proportionately, there is less recurring audit work, more projects; more problem solving, less procedural work.***

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In the context of these efforts, we are, very importantly, reinforcing actively and in several ways the concept that partner ownership and accountability are keys to achieving the greatest benefits from the firm's human resources programs. We are seeking to reinforce, as often as possible, the principle that partners have the ultimate role to play in seeing that individuals receive on-the-job training, effective mentorship, and the coaching and reinforcement they need. Also, that our professionals receive the guidance required to develop themselves fully, to experience a strong feeling of belonging with the firm and to sense a genuine interest in them on the part of the firm.

#### ***The Structure Element***

With regard to *structure*, our firm is seeking to reorient staff roles in terms of the work content that our professionals perform. In 1987, new audit guidance was issued that focused on a more streamlined audit methodology and more effective use of professionals on client engagements. That guidance directs the efforts of our professionals toward the value added areas that are of greatest concern to clients and involves examining the condition of the business, not just the books.

More emphasis is being placed on teams as opposed to structured hierarchies as the best vehicles for delivering services to clients. This requires preparing our people to deal with a different set of human dynamics—less hierarchical, more collegial. Also, we are considering the most appropriate approaches for the identification and managed development of individuals whom we regard as the outstanding performers and future leaders. It is in the firm's interest to take a special and direct interest in the careers of these individuals and how they will be guided in their development and assignment.

As to the broader aspects of structure, recent changes have brought about fewer organizational units so as to encourage more collective ownership of staff and a pooling of the professional resources required to serve clients. These changes will avoid the fragmentation that can occur with large numbers of individual practice units. And we are, as part of our new management structure, combining geographic and discipline areas in order to merge functional expertise with the geographic delivery capability needed for

bringing resources to bear on client needs as effectively and efficiently as possible.

#### ***The Management Processes Element***

With respect to *management processes*, there are a number of things underway. One is the recognition that, as services and practices change, different businesses must be managed differently. This means avoiding slavish adherence to inflexible rules and providing, in their place, enabling policies that will promote consistency—but not necessarily exact conformance—among the firm's professional services and business segments. We are seeking to relax ingrained approaches to managing our people that are risk-minimizing in matters and in their place encouraging partners and senior human resources people to be innovative, to take reasoned risks with people that can maximize their contributions and professional satisfaction. This includes moving the best people faster and being less wedded to ironclad requirements as to how long people should serve in a given role before advancing to higher professional staff levels. More and better communications between staff and partners is key to this activity.

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#### ***We are hiring more liberal arts graduates than in the past. . .***

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Strengthening performance evaluation and counseling programs is an important objective, as is giving people more professional independence earlier in their careers—by according them more responsibility, consistent with their capabilities and not necessarily their job titles. Additionally, we are expanding in-house, nontechnical continuing education. New courses, starting at the staff level, having to do with broad-based management development training are under development, and an expanded management development curriculum is being defined. Also, to support more active management of our human resources, we are completing the initial phase in the development of an on-line human resources system with direct access by every location in the firm.

#### ***The Rewards Element***

Beyond increased salary levels for all staff (a result of the firm's 1987 initiative), a bonus program to recognize exceptional professional contribution is in place. Further, in 1988, the salary structure was revised upward once again, following on the major initiative of 1987, to reward more fully exceptional performance at the manager level, and the number of manager-level staff who received incentive bonuses for their technical achievements, client relationships, practice development, and engagement management contributions doubled in 1988. At the staff and senior levels, bonuses were received by a large number of people in fiscal 1988. The purpose of bonuses: to reward individuals who can make a difference in how effectively we serve clients and in our ability to assist clients in solving tough problems—professional advice that adds value. We continue to devote

significant attention to ensuring that our base pay structures remain competitive in the broad markets in which we compete for staff. In order to distinguish accurately and objectively how we should be positioned in those various markets, we have committed ourselves to continued monitoring of our pay position through analyses conducted by independent consultants. And our commitment to differentiating in favor of superior performers and recognizing the stars continues.

#### ***Other Considerations***

Beyond these initiatives, some major human resources policy changes have been effected and several other significant efforts have been designed, endorsed, and will be implemented over time, with the support of the firm's management and the partnership. The encouragement, support, and investment of the partners have enabled the firm to move away from accepting results like turnover or professional disenchantment with public accounting as inevitable. It has enabled us to influence the results through sound and progressive practices that treat people as responsible professionals and evaluate and reward their contributions accordingly. It has contributed to changes in our overall culture.

---

#### ***We have doubled the number of paraprofessionals in our audit practice. . .***

---

But probably the greatest challenge for firms and their leadership is rooted in some of the ingrained beliefs touched on earlier in this article. Basically, the key question is: Which rigid aspects of our business must remain so and which can be changed? Effective change will require coming to terms with being less concerned about uniformity or bound by tradition in our personnel policies. Progress will come through predicated human resources strategy and policies on business needs, the needs of the outside market, and the professional needs of the professional expectations of our people—rather than on internal processes and controls.

#### ***Why is Cultural Change so Difficult?***

If it seems so simple, why is cultural change so difficult? Among successful organizations, it is with extreme difficulty that embedded practices and traditions change. Attempts to change culture should not be simply for the sake of change but instead, to enable and support the achievement of strategic and operating objectives. First, for effective change to begin, a number of things have to happen. There has to be a recognized need for change, and its legitimacy must be firmly established. Second, the levers by which we can effect change have to be identified. Next, specific actions have to be delineated—and support and commitment must be cultivated. Moreover, agreement has to occur at the front-end regarding the measures that will be applied to gauge success. Importantly, results have to be monitored, evaluated and communicated—an ongoing obligation of management.



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Inevitably, resistance will be encountered in cultural change because risks are present, new rules are always suspect, and unknowns are cause for concern. Bringing about change in the human resources area and needed change in the management of our firms is an extremely difficult task but one that we must lend our best efforts to accomplishing.

---

*We are placing more emphasis on teams  
as opposed to structured hierarchies. . .*

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### Summary

In summary, there are three major points to keep in mind. First, there is very little guidance available on how to manage professional services enterprises or how to create people policies that are innovative and can work in changing market and business situations. It is time for firms to stop looking to the outside for answers and start setting their own examples, ones other organizations will emulate.

Second, firm leaders need to promote the application of more judgment and less rules in how people are managed. Personnel practices that confine a firm's thinking about people and relieve managers or partners of accountability for dealing with the judgmental aspects of human resources matters are, quite simply, inadequate to support successful change.

---

*Among successful organizations it is  
with extreme difficulty that embedded  
practices and traditions change.*

---

Third, simplifying how we manage our firms can help focus better on what we are in business to do—to serve clients. We would do well to keep the ultimate measure—client satisfaction—in mind as we seek to promote improved human resources management and cultural change in our organizations. □

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# NEWS

*Success in the Accounting Profession*, focuses on the capabilities needed by the profession that should be developed by the educational process. "Responsibility for curriculum development and appropriate teaching methods rests primarily with the academic community," notes the paper, but a coordinated effort is needed. As part of this effort, the firms offered up to \$4 million over five years to support development "of stimulating and relevant curricula."

The paper recommends establishment of a coordinating committee of all major accounting constituencies to address these issues and to aid colleges and universities in revising their curriculums. The American Accounting Association, as the pri-

mary group representing accounting faculty, should lead this effort. The paper said the profession also should be more active in reviewing the accreditation standards set by the American Assembly of Collegiate Schools of Business.

The challenge ahead for both practitioners and academia "is to create a curriculum that will draw the best students and provide them and their instructors with an interesting, demanding and relevant experience," it concludes.

## MORE COMPETITION SEEN FOR ACCOUNTING RECRUITS

Competition by CPA firms for the best and brightest new recruits is likely to be more intense this year

than ever before.

A survey by the American Institute of CPAs reveals that the number of accounting graduates has dropped for the third consecutive year, leaving firms with fewer new graduates to choose from and making it more difficult to woo the best of them.

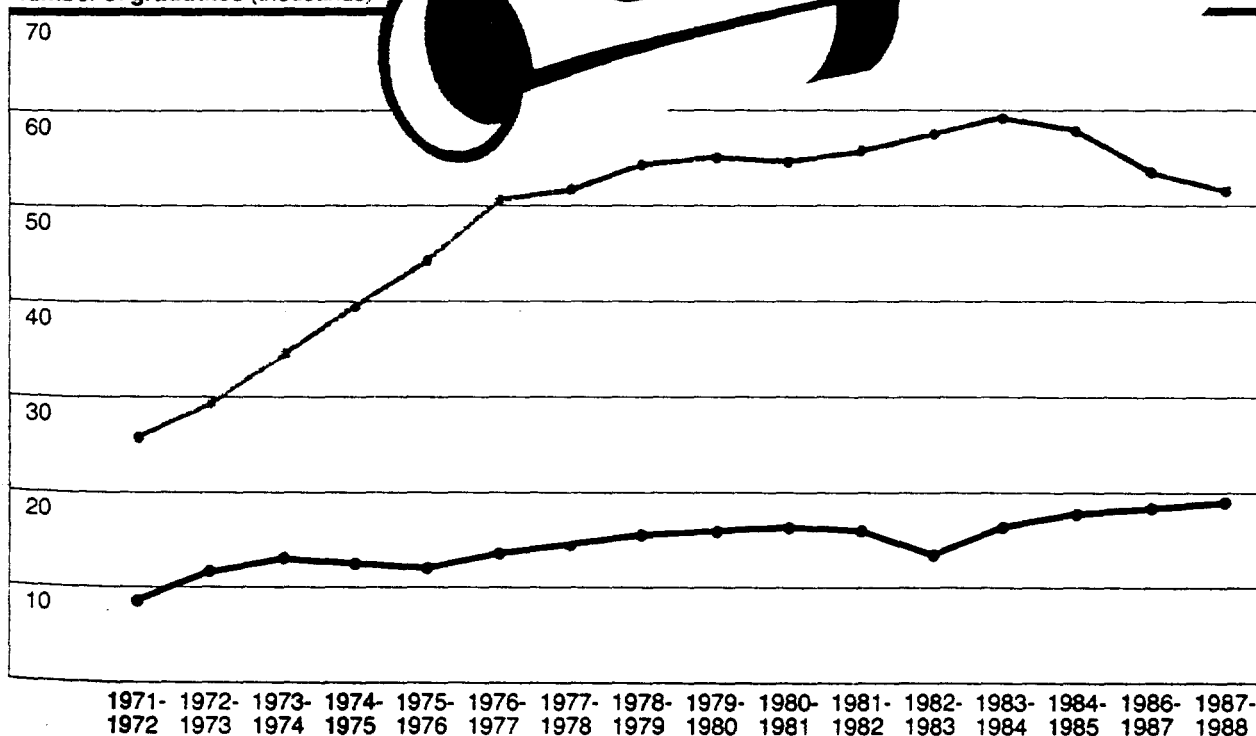
In 1987-88, the total number of accounting graduates decreased 4% to just over 51,000, while demand for graduates by CPA firms rose 3% (see exhibit 1 below). Demand is projected to increase even further for 1988-89.

AICPA vice-president-education Rick Elam predicts public accounting firms won't be the only ones to feel the pressure, since government and industry demand for the shrinking pool of graduates also

EXHIBIT 1

### Accounting graduates: supply and demand

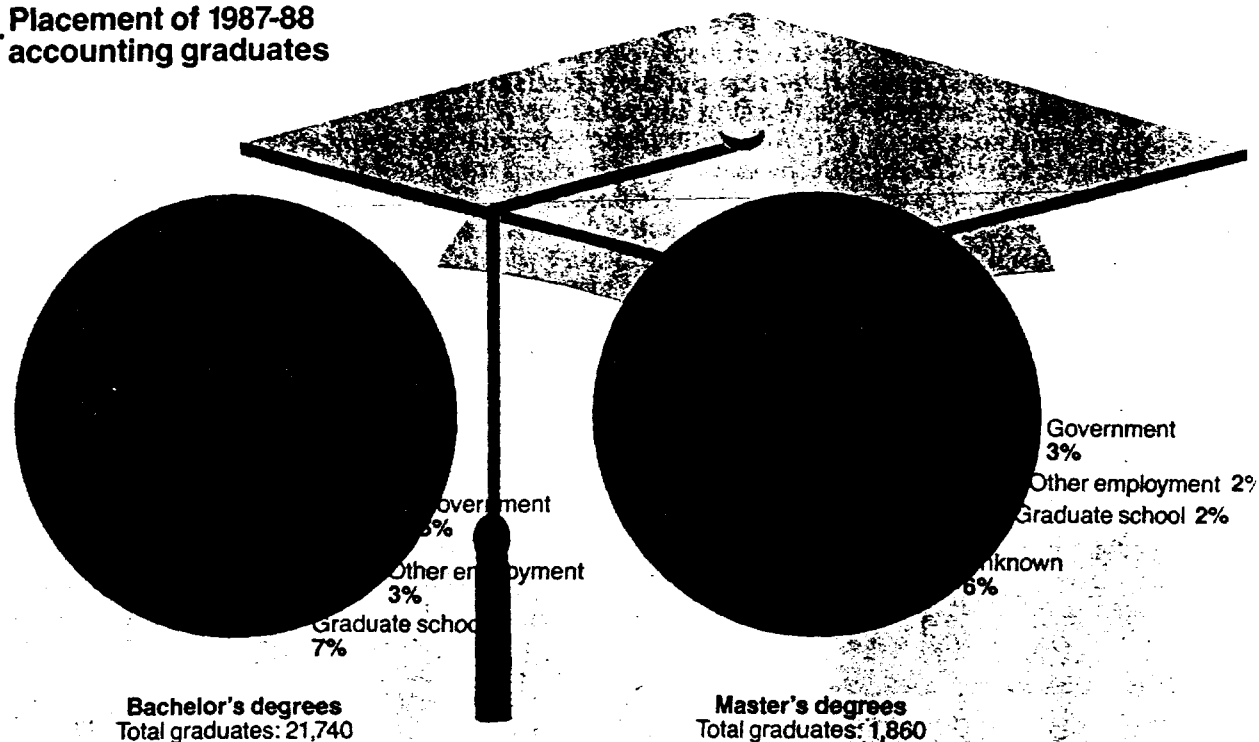
Number of graduates (thousands)



— Supply of graduates  
— Public accounting demand

No data available for 1985-1986.

## EXHIBIT 2 Placement of 1987-88 accounting graduates



is on the rise. "Recruiting the best students is getting harder for everyone," he noted. (For a breakdown of where 1987-1988 accounting graduates found jobs, see exhibit 2 above.)

**More women.** The study shows more women entering accounting than ever before; they constitute 52% of new accounting graduates. In 1976-77, women made up only 28% of accounting graduates. In the past decade, female graduates hired by CPA firms have nearly doubled, from 24% to 46%.

**More graduate degrees.** Firms increasingly need CPAs with graduate accounting backgrounds. Some 11% of graduates and 22.3% of experienced recruits hired by firms last year had master's degrees in accounting. This year, the need is projected to increase to approximately 12% of new recruits and 28% of new employees with public accounting experience.

**More nonaccountant professionals.** Firms also are hiring more

nonaccounting majors for professional positions. Nearly a third of the nonaccountant group had non-business degrees.

"Trends seen in the study seem to confirm that long-term success as a CPA depends on the candidate having an education that includes more than just technical accounting subjects," Elam said.

Copies of *The Supply of Accounting Graduates and the Demand for Accounting Recruits, 1989* (product no. G00095) are available from the AICPA order department at (800) 334-6961; in New York State, (800) 248-0445.

### BENEFITS & COMPENSATION

#### CEO COMPENSATION: BIGNESS PAYS

How do the salaries of midsized business owners stack up against those paid executives of America's corporate titans? Unfortunately for the smaller businessperson, there's no comparison.

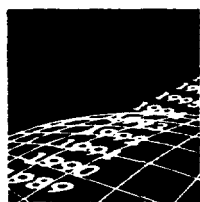
The chief executive officers at of the nation's top 100 industrial corporations earned a whopping median total compensation (base salary plus annual bonus) of \$1,218,000 last year, according to an analysis of proxy statements by consultants TPF&C. The median compensation increase for incumbent CEOs at the nation's biggest companies was 14.4%.

In contrast, owners of American midsized, privately held businesses paid themselves, on average, a relatively meager \$151,000 in direct and indirect compensation. That was an increase of 13% above the 1986 median amount for midsized market business owners, according to the Geneva Cos., a financial services organization.

The study of middle-market owners was conducted through confidential evaluations of the books of some 2,500 companies with annual revenues between \$1 million and \$100 million.

Direct salary was 78% of total

*continued on page*



# ATTRACTING THE BEST CANDIDATES

by DENNIS REIGLE and JOHN MEINERT

**T**he subject of attracting the best candidates has many facets. It is essential to appreciate the candidates' perspective. What is important to them as they assess the profession as a career and later seek opportunities in it? What will attract them? What do they want in development and advancement?

## MEASURING CANDIDATES

Are people with the raw talent and drive we need attracted to accounting curriculums and in sufficient numbers? This is an increasingly debated issue. The answers will determine the caliber of student we

*DENNIS REIGLE is a partner of Arthur Andersen & Co., Chicago. JOHN MEINERT, CPA, chairman emeritus of Hartmarx Corp., is an investment banking principal with J. H. Chapman Group, Ltd., Rosemont, Illinois.*

will recruit and the future of accounting education.

The bright side to this issue is that accounting enrollments have stabilized and quality appears to be on the rise. The curriculum innovation being promulgated by the Accounting Education Change Commission grants, the number of high-quality master's programs emerging in response to 150-hour legislation and the addition of many excellent graduate accounting education programs jointly sponsored by firms and universities for non-accounting majors all point to a talent pool that should be sufficient in size and strength.

## THE PROFESSION'S IMAGE

Enhancing the image of the profession in order to attract students is a continuing challenge. Recent stud-

ies, including those by Professor Dan Deines at Kansas State University, indicate we still have a long way to go compared with other professions in terms of attractiveness in the eyes of high school and college students. Recent research, conducted by the Gallup organization for the AICPA accounting careers subcommittee, confirms the existence of negative stereotypes. The profession must be perceived as attractive to be seriously considered by the best students. Whether the issue is salary/compensation, status or more excitement and advancement opportunities in other fields, it is clear the profession is not totally effective in communicating its salient features to the professionals of tomorrow.

## IMPROVEMENTS AHEAD

The profession, however, already is undergoing many changes that will make it more attractive to the best candidates. For example

■ Work will become more "value oriented" by becoming more directed to determining and filling the needs of companies and clients, as

## THE ACCOUNTING GRADUATE OF THE FUTURE

Accounting educators and employers of accounting graduates need to study carefully the demographics of their regions. Over the next several years, the characteristics and availability of accounting students and new accounting graduates will vary markedly from state to state. In some areas of the West and South, accounting departments are expected to be overrun with applicants while in other areas, particularly the Northeast, accounting programs may need new and creative ways to attract enough good students to justify their existence.

Two-year schools will play a pivotal role in the number of people majoring in accounting. An ever-growing percentage of the population is likely to start at junior colleges. Unfortunately, these students are much more likely

than university students to drop out short of a degree; those who do complete baccalaureate degrees will take longer than four years.

The 1989 book *Shaping Higher Education's Future: Demographic Realities and Opportunities, 1990-2000* by Levine, Arthur and Associates presents some important facts about the demographic changes of higher education:

■ The number of college graduates during the next 20 years will depend heavily on the percentage of minority students completing a university education. The survival of some traditionally white universities will depend on their attracting and awarding degrees to minorities.

■ Higher education institutions are overrepresented in the areas of the deepest population declines—the Northeast and Midwest. Since the growth in the college-age population will be from groups typically less able to afford schools at great distances from their homes, some promising students may not

find space in quality programs.

■ Because top students usually seek the best education available, the more elite public and private institutions are receiving greater numbers of applicants than ever before.

Applications to law and medical schools remain high through good and bad economic times and ups and downs in the college-age population. Research shows the level of interest in all graduate degrees is at an all-time high (61%) among freshmen students.

When compared to those of the 1980s, the future accounting graduate will be older and more likely to be from a minority group, will have started college at a two-year school and will have worked while in school.

Universities and employers will need to take account of these facts when planning to attract and retain these people.

*By RICK ELAM, CPA, PhD, AICPA vice-president-education.*

we more interesting, and should generate greater excitement.

- A CPA's performance will be measured by clients and employers in terms of "value added" and ability as a business adviser.

- As industry becomes more globalized, international experience will be demanded and highly compensated.

- Less lower-level work will be performed as technology has an increasing impact.

- Higher compensation should result from more education, skills and experience.

- As CPAs become more qualified, opportunities should improve for promotion or rising to the top in related fields such as finance and management.

- More flexibility is being demanded by CPAs and will evolve in careers and life-styles. Women will

rejoin the work force after having children.

- The 150-hour education requirement will mandate more master's degrees. Many of these CPAs will have business experience, now being required for a master's.

- Entry-level requirements will become higher, and CPAs will be expected to be productive sooner.

- With continued growth in the consulting area, there will be more movement, both ways, between CPA firms and industry. Public practice and industry currently employ CPAs almost equally.

While it is not yet clear sailing, the ongoing changes in demographics and in the profession should mitigate today's difficulties in identifying, attracting and recruiting the best candidates. How long the profession can remain in that enviable position is another question.

## SCHOOLS OF ACCOUNTING

Schools of accounting have grown in stature and influence since the first one was established in 1973, a movement that has received the ongoing endorsement of the American Institute of CPAs. Today many schools of accounting are leaders in the changes sweeping accounting education.

Because they are separate academic units and thus have control over their curriculums, the schools can restructure their accounting programs quickly to keep pace with the changing needs of the marketplace. In addition, they can significantly influence tenure and promotion policies to get the faculty they want.

The schools, which have proved to be effective vehicles for recruiting the best and brightest students, offer many benefits, such as top-notch faculty with significant practical experience who like the professional school environment.

Schools of accounting have established a close relationship with the public accounting profession. CPA firms provide individual schools with instructors to teach classes, members for their advisory boards, support for curriculum revision and financial resources. This close relationship is especially important in today's quickly changing practice environment as firms are being asked to expand both the quality and quantity of their services. Schools of accounting can help firms deliver these services by supplying high-quality professional staff with the skills, abilities and knowledge to keep pace with the new dimensions of business on national and international levels.

Working in partnership with practice and industry, schools of accounting have been, and will continue to be, effective providers of quality individuals to the business world.

By MICHAEL DIAMOND, CPA, dean of the School of Accounting, University of Southern California, Los Angeles.

## INTEGRATING ETHICS INTO THE ACCOUNTING CURRICULUM

All businesspeople have societal obligations that transcend their corporate obligations. CPAs' unique obligation to society is more specific than most: to be responsible for financial reporting to the public, which by law and society's expectation is a fiduciary obligation. Training people for that responsibility is an awesome task. It is tempting to teach accounting as a technical discipline, but we dare not succumb to that temptation lest our students be underprepared for their real challenge—applying their technical skills ethically for the benefit of society.

In response to concerns expressed by the National Commission on Fraudulent Financial Reporting and others about the paucity of ethics coverage in the accounting curriculum, schools are beginning to integrate ethics training into accounting, and ethics seminars have been conducted for accounting professors. Ethics cases are under development by the American Accounting Association and will challenge students to decide which resolutions provide the

most balanced benefit for society, for the company and for their own personal integrity.

The cases and the seminars are important, but in the long run all of us who teach accounting must find ways to work the ethical dimension into all course work. Pension accounting must be understood, but we also must force our students to confront the ethics of selecting the necessary assumptions. The new cost accounting must be mastered, but we must ensure as well that our students see the ethical issues involved.

At one AAA seminar on ethics in accounting a participant said, "It's really simple. This program teaches accounting as having a human face." His sum-up is right, of course. Chief financial officers understand their companies' financial constituencies and CPAs understand the scope of their real clientele; in that understanding they know accounting's human face. We must help our students anticipate the human faces behind their technical work.

By ROBERT SACK, CPA, professor of accounting, The Darden School, University of Virginia, Charlottesville, and a former chief accountant of the Securities and Exchange Commission Division of Enforcement.



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## THE SIX MOST COMMON RECRUITING MISTAKES

**Mark Satterfield**, *director of career services, Emory University Graduate School of Business Administration, Atlanta, and a college recruiting consultant, explains why firms' on-campus efforts don't always succeed.*

A successful recruiting program is critical today because of shrinking accounting graduating classes and firms' greater efforts to raise productivity and cut costs by recruiting only "the best and the brightest." Yet many CPA firms aren't satisfied with their recruiting efforts because they don't include all of the components necessary in a college relations effort. Here are some of the reasons firms don't get maximum results from their campus trips.

## THE WRONG SCHOOLS WERE RECRUITED

A variety of factors should be considered when selecting where to recruit. Geography, alumni who work for the firm and a strong accounting department are all valid criteria. One mistake that should be avoided, especially if college recruiting is a new activity for a firm, is going only to campuses that are known nationally for their accounting programs. The competition is already well established at these schools and a newcomer's efforts usually will not yield immediate results. To achieve short- and long-term success, supplement recruiting at the well-known schools with a concerted effort to identify the "hidden jewels." These are schools that may have an emerging reputation for excellence but are not yet being heavily recruited. They are often smaller schools or those not located

## EXECUTIVE SUMMARY

■ **COLLEGE RECRUITING** has become more competitive because of shrinking accounting graduating classes and increased pressure on firms to hire only the best.

■ **FIRMS' EFFORTS MAY** fail if they make one of these common recruiting mistakes:

1. Picking a nationally known school where competition is fierce. Instead, look for schools with an emerging reputation for excellence.

2. Conducting interviews only. Firms that get to know faculties and establish a presence on campus will have better success.

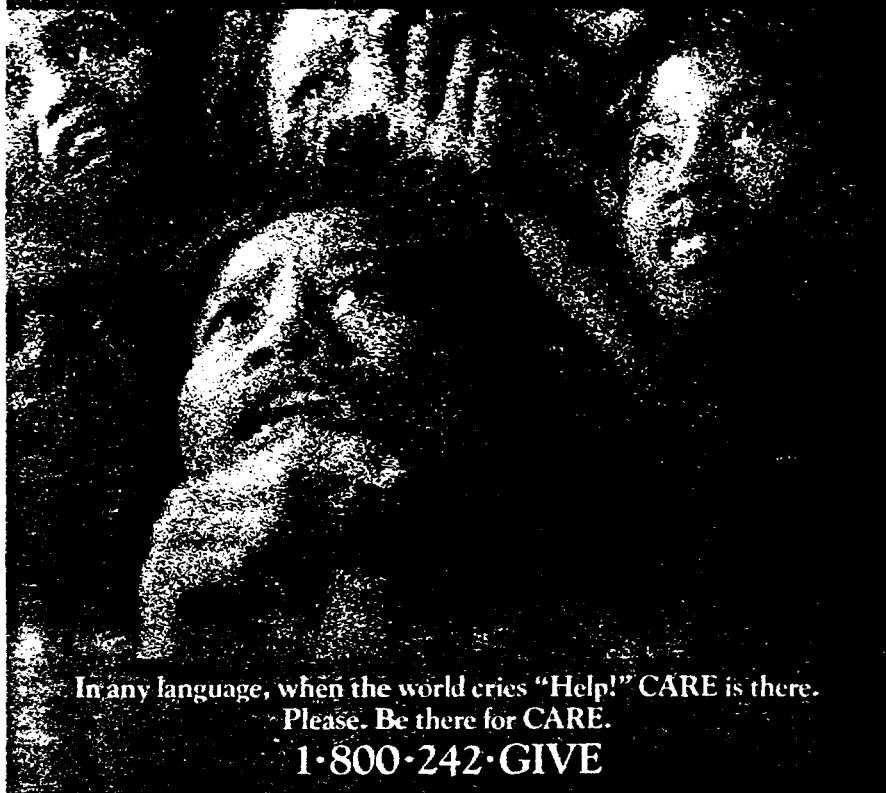
3. Giving the wrong presentation. Students are interested in firm size and achievements, but don't forget to tell them about what their jobs will entail.

4. Failing to understand the firm's image on campus. Firms should emphasize the positive and try to address misperceptions.

5. Sending poorly trained or uninterested recruiters. Firms should consider the advantages of sending a line accounting manager instead of human resources personnel.

6. Failure to follow up as promised with a desirable prospective employee.

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in large cities and may have been overlooked by the recruiting competition. Select schools the same way a fisherman decides where to fish: Pick a pond that is well stocked, but count on getting the best results at places that aren't surrounded by crowds of other fishermen.

### INTERVIEWS AND NOTHING ELSE

Too often, accounting firms parachute onto a campus, conduct interviews, leave—and then wonder why they didn't achieve the anticipated results. The success of a college relations program hinges on what precedes the on-campus interview. This preinterview activity may include one-on-one visits with influential accounting faculty and university staff, company presentations describing opportunities at the firm, summer internships, financial contributions, appearances by firm members on panels or teaching an accounting class.

An important first step is to visit with the placement director at any school being considered. He or she can provide you with a great deal of information about the make-up of the student body, the recruitment efforts of other firms and which firms recruit at the school. The placement officer often can make recommendations on activities that will increase the firm's visibility. The more creative a firm is in developing and maintaining visibility on campus, the greater the likelihood it will achieve tangible success.

### A BAD PRESENTATION

A highly respected, nationally known firm recently made a presentation to a group of accounting students. For 45 minutes, the presenter proudly talked about the size of the firm. This was followed by an exhaustive overview of how the firm's list of clients had increased consistently over the past three years. Interesting stuff perhaps, but not what the audience wanted to hear. At no point did the presentation touch on what the firm was like to work for or the day-to-day responsibilities of the job or the criteria for performance. Students most want to know about



## ■ FORUM

the challenges and opportunities the firm offers and the training they will receive. They are also very interested in how one career opportunity differs from others they may be considering.

### WHAT'S THE FIRM'S IMAGE ON CAMPUS?

Too often, firms seeking to recruit accountants execute a generic recruiting program without taking into consideration differences in the way they are perceived on campus. It's important that the firm be familiar with students' understanding of what a career at the firm will mean so that employment issues can be addressed during the on-campus presentation or through other means. However, it is difficult for a firm to determine accurately what its image is, using internal resources. One way to identify perceptions—and misperceptions—about a firm is to use an outside consulting service to conduct interviews with faculty, administrators and students who turned down previous offers of employment.

### THE WRONG RECRUITERS

Probably no one factor has hurt recruiting programs more than having a poorly trained or uninterested interviewer show up on campus. Doing so will yield disappointing results no matter how much hard work the firm does beforehand.

There are advantages and disadvantages to sending a line accounting manager instead of a human resource recruiter. The line manager offers a depth of knowledge about the accounting field that the human resources recruiter does not have. Additionally, students often prefer to speak with someone actually working in accounting. Unfortunately, because accountants aren't involved in interviews as often as human resources personnel, they may not be proficient at it. The result can be an incomplete interview and a bad hiring decision. Bad hiring decisions can create a variety of problems, including excessive turnover.

If accountants interview on campus it is important that they receive training in selecting candidates for further consideration. A typical on-

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campus interview schedule consists of 13 half-hour interviews. Not only is the pace grueling, but the interviewer must obtain necessary information in an abbreviated period of time. Managers should be trained in the mechanics of interviewing and should have a solid grasp of selection criteria. Getting information is not the goal of the interview—getting the right type of information is. Unless managers understand selection criteria, they will have great difficulty evaluating candidates.

#### POOR FOLLOW UP

It's a shame when a firm works hard at identifying its image on campus, makes a strong presentation that covers issues important to students, trains and sends to campus a top-notch recruiter and then drops the ball in the critical follow-up stage. Firms that tell students they'll be back in touch in two weeks should do everything they can to honor that

commitment. Even telling the student that it will take a while to make a decision is better than not communicating at all. I've always found it curious that organizations will communicate quickly with students in whom they have no further interest. However, they are agonizingly slow to get in touch with students with whom they're initially impressed. Logically, the opposite should occur, but time after time well-meaning organizations have made this mistake.

When students come for the office visit, make sure each person the student will meet has a clear role in the selection process. Ask each interviewer to focus on a certain component of the selection criteria. Place senior managers or partners last on the schedule, primarily to sell students on the benefits of joining the firm. With out-of-town students, a nice touch is to invite them to arrive the night before and arrange for them to have dinner with someone

from the firm. Ideally this would be an individual recently recruited from the same school. Since students on a tight budget, prepaying air tickets, direct billing hotel rooms and promptly reimbursing them for out-of-pocket expenses makes a favorable impression. Additionally, students appreciate receiving an interview schedule with the names and titles of the people they'll meet.

#### THE STUDENT'S DECISION

This article doesn't cover everything firms should know about recruiting—or even all of the things that can go wrong in a college relations effort. However, in planning and reviewing recruiting efforts, an important first step is to recognize that the most desirable students usually are being recruited by other accounting firms. How a company follows all of the components of its college relations strategy carries significant weight in the student's ultimate decision.

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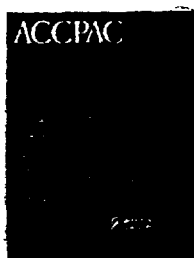
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# MANAGEMENT OF AN ACCOUNTING PRACTICE

## PRACTITIONER'S GUIDE TO MAKING STUDENT PRESENTATIONS

By Lucinda Van Alst, DBA, CPA, and  
James Schmutte, DBA, CPA, both of  
Ball State University

**A**s an accounting practitioner, you may be called upon to make an on-campus presentation to students. The invitation may come from a professor who wants your "real world" perspective to complement the "theoretical" approach often found in textbooks. Perhaps, you may be approached by a student group, such as Beta Alpha Psi, to present a program intended to introduce students to the accounting profession and its challenges.

### Accepting the Invitation or Offering Your Time and Expertise

If you accept such an invitation, or extend an offer to a school or student group, you must approach the presentation's preparation and delivery with the same degree of professionalism as if the program was for a group of potential clients. The accounting academician can occasionally give a poor lecture or have a bad day in class and still have the balance of the term to regain the students' respect. You, on the other hand, have this one opportunity to impress and have impact on the students. This is especially important because students often apply their reaction to you and your presentation to your firm in general.

Thus, the quality of your presentation can influence, either positively or negatively, your firm's future recruiting efforts at that school.

This carryover effect can be especially beneficial to the small firm that is often faced with the task of having to overcome the dominant on-campus presence and "aura" of the national firms.

By presenting a well-prepared program, you can very quickly demonstrate the viability and professionalism available in the

non-national firm. On the other hand, a less-than sterling presentation may create or reinforce the perception that firm size equates to firm quality. The discussion that follows details several suggestions and guidelines to help you prepare for your first campus presentation.

### Timing is Everything

The timing of the presentation is influenced by whether the program is intended as a complement to a professor's course or a self-contained program for a student organization. Regardless of the program's purpose, you should allow ample lead time to develop and prepare the presentation. When scheduling the date, be sure to consider your practice commitments as well as the time required to develop the presentation. If the presentation is intended for a class, the professor will usually be constrained by a course syllabus or sequencing of topics. Accordingly, you should defer as much as possible to the instructor's time table. On the other hand, greater flexibility is generally available when scheduling student group presentations.

The uncertainties associated with practice and client demands will require you to arrange, within your firm, for a qualified alternate presenter. You should keep the alternate abreast of the program's development in case a last minute change is necessary.

### Selecting an Exciting Topic

If the program is being planned for a student group, selecting an appropriate topic can prove to be a challenging task. This is due to the lack of direction the group's representatives often have and the significant differences in the levels of accounting education within the group. In these situations, you would be wise to consult with the group's faculty advisor who can suggest topics appropriate for the membership.

If the program is to complement an accounting course, you will need to work closely with the instructor to assure the coordination between your presentation and the students' current course work. It is important to understand the students' familiarity with the topic, including not only the material covered in the course, but also

any other courses in the school's accounting program. You and the professor should agree on a topic that you feel comfortable presenting. The instructor may have a specific area of interest or provide a short list of suggested topics. Likewise, you may have a particular area of expertise that you would like to share with the students, but, remember, the instructor is responsible for ensuring that the topic is appropriate for the class.

### Don't Wing It

An outline should be developed and followed to ensure that your presentation is both logical and complete. You may be tempted to "wing the presentation" based on your recollections of how college professors lecture. The fallacy is that good professors, the ones you probably remember and desire to emulate, actually work from an outline and only give the appearance of being able to "just talk about any accounting topic." Students, who later become practitioners, do not realize that professors often teach multiple sections of a course each term and tend to teach the same courses each year. Thus, professors are continually repeating and refining their lectures and easily create the impression that their lectures are spontaneous. Accordingly, you should develop a detailed outline that covers the entire program, not just its technical content.

### You're On!

**Arrive Early.** Plan on arriving at the presentation site early enough to make sure the necessary equipment is on hand. Set up and familiarize yourself with its use, and make sure your materials are in the proper order. Nothing ruins a presentation more than having to wait for the equipment to be located and set up or watching the presenter fumble with the equipment or root through a stack of transparencies.

**Tricks of the Trade.** The success of any presentation depends on following a few "tricks of the trade." Visual aids, such as overhead transparencies and slides, are useful techniques that add structure to a program. But, be careful not to turn your presentation into a series of quickly changing overheads that you read to the class. Limit your use of overheads to presenting complex or intricate situations and serving

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*The International Group of Accounting  
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is focal points for your discussion. Your visual materials should be professional in appearance and arranged in the proper order for presentation. If you will be using overhead transparencies, it is a good idea to bring some extra clear transparencies and a marker for any unanticipated examples or spontaneous notations you might want to make. Providing a booklet that corresponds with your visual aids gives students something tangible to work with and keeps them involved in the presentation.

**Don't Read or Memorize.** The presentation should be neither "read" nor "memorized;" rather, it should flow from your outline. Prepare a detailed outline of what you want to say but not how to say it. By repeatedly going over the outline, you will be able to fill in and expand around the material. This approach will give the presentation a more natural flow and spontaneous appearance. Avoid the temptation to ad-lib or deviate from your outline. Both practices can turn a well-designed program into a meaningless presentation.

**Limit Your Use of War Stories.** Avoid turning the presentation into a series of "war stories." Incorporating your experiences can greatly improve the presentation; however, they should be used sparingly and relate to a specific point. In general, do not tell a war story if it encompasses too many facts, takes too long to relate, or is not directly related to the topic.

**Avoid Jargon and Acronyms.** Your presentation should be free of technical jargon and acronyms. While practitioners are comfortable when talking about SSARS, SAS, ACRS, MACRS, and various tax code sections, students are not. The heavy use of such terminologies can turn an informative presentation into a meaningless blur for the students.

**Make Connections Between Courses, Real World.** You can really add to the presentation's educational value by pointing out wherever possible how accounting's various dimensions are interrelated in practice. Students proceed through their accounting education course by course and often fail to see the interrelationship between the courses in the curriculum. For example, you might illustrate how a topic covered in a cost accounting class can be used in a tax or audit engagement. In a similar vein, do not denigrate the students' education. Avoid constantly telling students how different the "real world" is from what they are studying in their classes or how much more they still have to learn after they graduate.

**Use Jokes Carefully and Sparingly.** Do not attempt to use jokes unless you can tell the well. A common mistake is to try to open the presentation with a "humorous

story." While it is important to put the audience at ease, not everyone has the ability to tell a good joke. Too many otherwise excellent presentations have been ruined by a poorly told joke. Remember, students have not been exposed to many of the situations that become the basis of "accounting jokes;" thus, they may completely miss the "humor" in your story. If you do use humor in your presentation, make sure it is in good taste and will not offend any member of your audience.

**Don't Turn Your Presentation into a Recruiting Pitch.** Your program is intended to be an educational experience for the students. The program's recruiting value will come from the professionalism of your presentation and not your salesmanship. In fact, overselling your firm can create a negative image among the students.

**Don't Put Down Other Firms.** Do not make any derogatory remarks concerning other types of CPA firms or career alternatives. Such actions only serve to present both you and your firm in an unfavorable light.

**Handouts Should Relate to Presentation.** While it is appropriate to describe your firm and distribute firm literature, handout materials should be related to the presentation.

**Allow Time for Q & A.** Plan your presentation to allow a small amount of time for questions; but do not expect to get too many. Students are usually hesitant to ask questions, especially when the practitioner is from a firm with whom they hope to interview. Thus, you should plan some time for questions but be prepared to end the presentation and avoid the awkward, "If there are no questions—thank you" closing.

### Educator's and Faculty Sponsor's Roles

The educator should give the students advance notice of the presentation. This includes informing them of the topic, assigning any related readings or possibly distributing literature. If the presentation is part of a course, the instructor should assure that the students have a vested interest in the program. This can be accomplished by incorporating the presentation into a quiz or examination. The educator should attend the presentation not only as a matter of professional courtesy but also to be readily available if needed. The instructor should not use the presentation as an opportunity for a "substitute teacher." The educator's presence can help stimulate the discussion during the question and answer period. The educator's questions, however, should enhance the educational value of the program without

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turning the discussion into an academic debate that excludes students. If the presentation raises matters that interest the faculty member, these can be addressed separately at a later date.

If practitioner presentations are a regular element in a course, the educator should be sure to invite a variety of firms (both in number and type). Otherwise, students may interpret the faculty member's repeated use of the same firm as an endorsement of that firm or type of firm.

### Don't Take the Invitation Lightly

Student presentations are an excellent means to increase your firm's on-campus presence. If approached by a faculty member or student organization, you should not take the invitation lightly. Also, you should consider contacting local college accounting departments and offer your time and expertise to classes or student groups. An impressive performance requires the investment of both your time and effort. That investment, however, can yield a generous return in terms of your firm's on-campus reputation and recruiting efforts. Remember, quality is the key.

### RECRUITING: CRITICAL SUCCESS FACTORS

By Joseph H. Larkin, PhD, CMA, CIA, CPA, *Saint Joseph's University* and Joseph M. Ragan, CPA, *Saint Joseph's University*

**D**espite the slow economy and the downsizing of some firms, recruiting is still a crucial task. It may be even more important these days to recruit efficiently and cost effectively. Recruiters know what they are looking for in a candidate, but, do they know what the job seekers are looking for in a firm?

This article reports the findings of a survey of 195 new hires of the largest international public accounting firms. The hires for these firms were chosen as a matter of efficiency in getting the views of a large sample. The authors believe that the lessons learned from the survey would generally apply to hires at all firms that do recruiting. They identified the most influential individuals and elements of the recruiting process.

The survey findings emphasize the belief that first impressions are important and that a campus presence can go a long way in the recruiting process.

### The Study

A questionnaire was mailed to a sample of 225 new hires of the largest international public accounting firms, after May 1990 graduation. The survey included a list of 12 possible influential individuals in the

**FIGURE 1  
DEMOGRAPHIC PROFILE**

Gender	n	%
Male	96	49
Female	98	51
No response	1	—
Total	195	100

Division	Male	Female	Total
Audit	84	90	174
Tax	7	4	11
Small business	5	3	8
No response	0	2	2
Total	96	99	195

Age	Male	Female	Total
21-24	84	85	169
25-27	6	3	9
28+	3	6	9
No response	2	6	8
Total	95	100	195

Grade Point Average	Male	Female	Total
Less than 3.0	17	11	28
3.0-3.4	36	23	59
3.5+	42	63	105
No response	2	1	3
Total	97	98	195

recruiting process and 24 elements critical to the recruiting process.

Responses were returned directly to the authors and were confidential. A total of 195 useable responses were received, representing an overall response rate of 87%. *Figure 1* provides a demographic profile of the respondents.

### The Findings

Firm personnel met during the office visit were the most influential to students. These personnel were followed by people from the firm met at on-campus social gatherings and campus recruiters. At the bottom of the list were neighbors, friends of parents, parents, and siblings. In the middle were university professors, other students, and friends or relatives employed with the firm. See *Figure 2* for the ranking of influential people.

The respondents rated the overall perception and reputation of the firm, advancement opportunities within the firm, and training opportunities as the three most important items in the job selection process. It is worth noting that each of

these items is nonmonetary. Starting salary was ranked as the next most important item.

Reimbursement for a CPA exam prep course, actual or threatened litigation against the firm, a bonus for passing the CPA exam, and opportunity for out-of-town travel were rated as the least important.

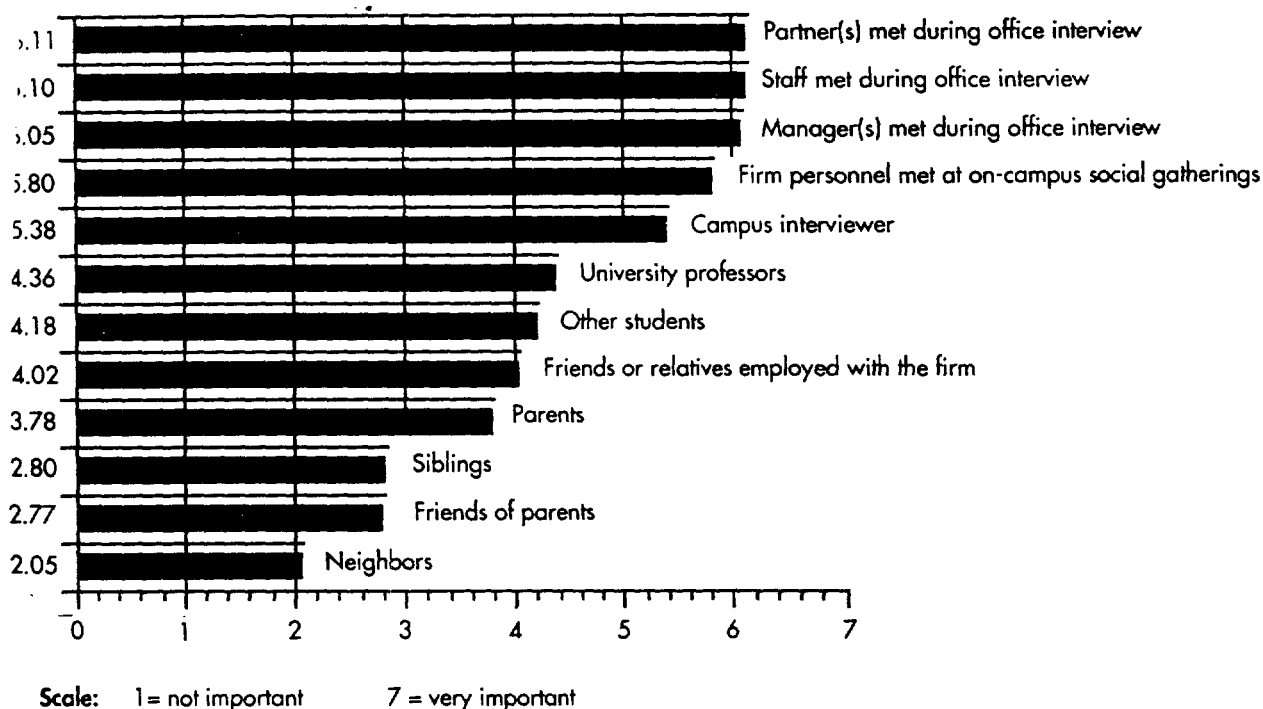
Interpretation of the least important factors should be made cautiously. It could be that these items are simply not important to new hires. Or, perhaps, respondents see these items as similar across firms. See *Figure 3* for new hires' perceptions regarding most and least important items.

### What Does All This Mean?

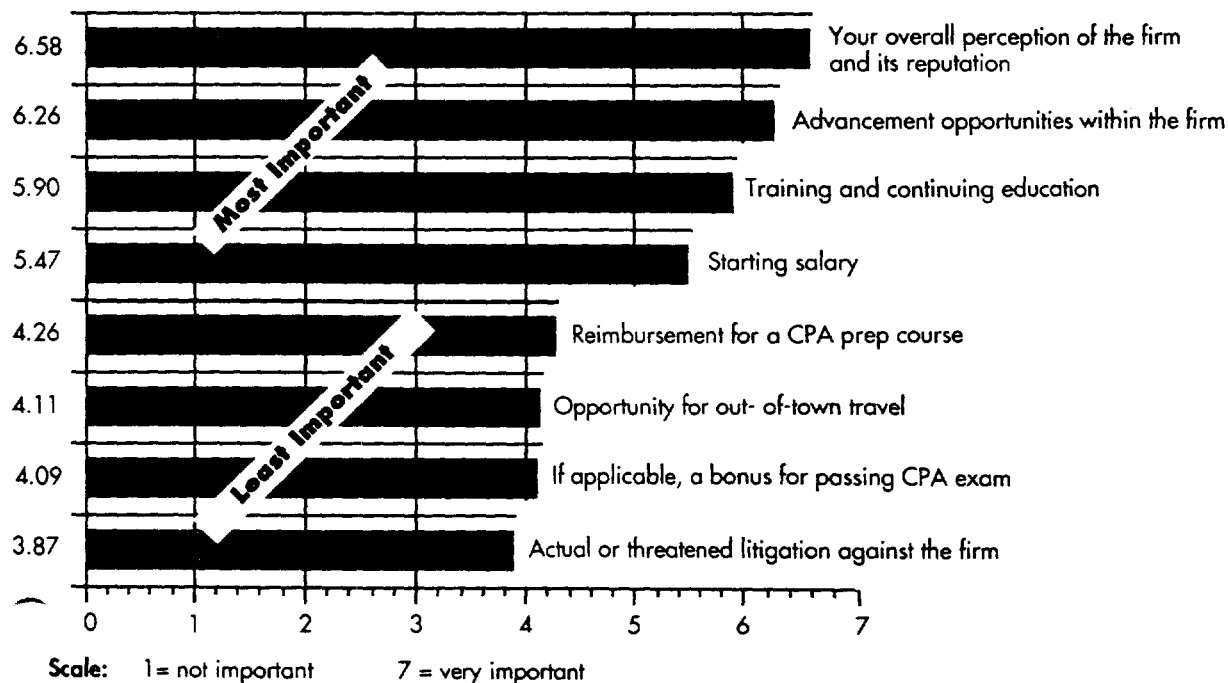
The findings are helpful to firms in several ways. First, they should encourage firms to carefully select their on-campus recruiters and assure that they are well-trained and knowledgeable about the firm.

Second, if firms were considering cutbacks in participation at on-campus activities, they may want to reconsider. Stepping-up their efforts in this area may, in fact, make sense.  $\Omega$

**FIGURE 2**  
**MEAN RESPONSES SOURCES OF INFLUENCE**



**FIGURE 3**  
**RESPONDENT PERCEPTIONS OF THE MOST AND LEAST IMPORTANT ATTRIBUTES AND ITEMS**



# MANAGEMENT OF AN ACCOUNTING PRACTICE

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## Student Views Toward The On-Campus Recruiting Process

A major problem facing both public accounting firms and corporations is the hiring of qualified graduates for entry level accounting positions. The problem has been magnified in recent years due to a decrease in the number of accounting majors. Consequently, firms have intensified their on-campus recruiting efforts to hire entry level staff from the diminishing pool of candidates. This effort has included the establishment of recruiting departments comprised of professionally trained staff charged with the responsibility of hiring entry level accountants.

A number of studies have been conducted on the recruiting of accounting students. We sought to examine the effect of the current practices of recruiters on students, including the impact of the process on the final decision made by students in selecting employment. Some educators are concerned that current recruiting practices have become too aggressive and firms may be recruiting in a manner detrimental to both the student and the firm. The objective of this study was to find answers to the following questions:

1. What is the reaction of students to the current on-campus recruiting practices of public accounting firms and private corporations?
2. What effect do current on-campus recruiting practices have on students' academic and personal lives?

3. What factors influence a student in making the final employment decision?

## On-Campus Interviewing

To get a sense of the impact of the on-campus interviewing process we asked a number of questions, summarized in *Exhibit 1*. Students are likely to miss some classes in order to interview, according to 75% of the respondents. As indicated by 62%, some emotional energy will be devoted towards interviewing at the expense of academic work. However, this process did not harm students' grades or personal life. Eighty two percent did not feel that their grades suffered from the process, and 89% did not feel that their friendships were put under strain. According to 66% of the students, they were able to manage their time well during interviewing, and it was "no problem." In fact, 76% of the respondents indicated that they found the whole process "exciting."

## Receptions/Information Sessions

As part of the on-campus recruiting process, most firms sponsor a reception or information session some time prior to the day of the interview. We defined a reception as an event where food is served, but there is no formal presentation. An information session is often held in a conference room or a classroom, food is incidental and there is a

**EXHIBIT 1**  
**REACTIONS TO ON-CAMPUS INTERVIEWING PROCESS**

	Response		
	Yes	No	No opinion
a. I missed some classes in order to interview.	75%	25%	
b. My grades suffered because I lacked sufficient time (or energy) to study.	18	82	
c. My emotional energy was diverted towards interviewing, not academic work.	62	34	4%
d. My friendships were put under strain due to tensions over interviewing.	7	89	4
e. My esteem suffered because I was not successful in the interview process.	12	82	6
f. I was invited to only a few interviews so it didn't matter.	4	78	18
g. I found the whole process exciting.	76	8	16
h. I managed my time well and interviewing was no problem.	66	23	11
i. I did not take the process seriously.	4	90	6

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formal presentation by the firm. Some firms, as part of the recruiting process, will hold information sessions for any interested students.

We sought to examine this practice, as it may consume a considerable amount of student time.

The questionnaire asked respondents to indicate the number of such receptions or information sessions that they attended. The majority of the respondents indicated that they attended anywhere from four to eight public accounting sessions and one to five private corporation sessions. Typically, students spend from one to three hours at each session.

When asked if they found receptions/information sessions helpful in the actual interviewing process, 84% of the respondents attending receptions for public accounting found the sessions helpful, and 76% of the respondents attending information sessions for private corporations found them helpful. When asked if they felt they *had to* attend the reception/information ses-

**EXHIBIT 2**  
**TIME PREFERENCE FOR SCHEDULING SECOND INTERVIEWS**

	Prefer	Would not want	No preference
During Fall semester class periods	21%	54%	25%
During Fall semester on non-class days	55	29	16
During January vacation	82	7	11
Saturdays during the semester	21	59	20
Between Christmas and New Year's Day break	45	39	16

sions to prevent a negative impact on their chances of a job offer, 72% of the candidates for public accounting positions indicated they thought they did have to attend, compared to 58% of the candidates for private corporation positions.

Despite the time spent and pressure felt, when asked if the reception/information sessions should be abolished, 96% of the respondents seeking accounting positions (public and private) indicated they should *not be abolished*.

students must often leave for the interview the day *before* the scheduled appointment.

Ninety-two percent of the respondents indicated they had sufficient choice for scheduling second interviews.

#### **Interviewing Process as a Whole**

We asked several questions in an attempt to determine the respondents' evaluations of the overall interviewing process. When asked if interviewers

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#### **Second Interview**

After the on-campus interviews are completed, the firms will invite candidates to the firm's office for a second interview, which generally lasts from three to six hours. Of the 56 respondents to the questionnaire, 47 received at least one invitation for a second interview, with two respondents receiving 10 invitations.

We proceeded to investigate the importance of the second interview to candidates and whether they were helpful towards making a decision about a firm. As indicated by the responses, it would appear that the overwhelming majority consider the second interview helpful in making a decision about a firm.

The respondents were also asked about their time preference for scheduling second interviews. In *Exhibit 2*, a summary is presented of students' responses to five different time preferences for scheduling second interviews. In order of preference, the respondents would prefer second interviews during the January vacation, during the fall semester on non-class days, or between the Christmas and New Year's Day break, in that order. A majority of respondents would not want to schedule second interviews during class periods or on Saturdays during the semester. Because of the location of the campus,

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asked reasonable questions, the respondents indicated "yes" for 96% of the public accounting interviews and for 79% of the private accounting interviews. When asked if the interviewers gave an accurate picture of what working for the firm would actually be like, the respondents indicated "yes" for 70% of the public accounting interviews and "yes" for 64% of the private accounting interviews. When asked if they thought they were misled in any way by a recruiter during the interview process, the respondents indicated "no" for 91% of the public accounting interviews and "no" for 78% of the private accounting responses. (Remember that the number of private corporation interviews was less than for public accounting.)

It appears from the students' responses to the interviewing process as a whole that in a large majority of instances questions asked were reasonable and that information given was not misleading. This is true for both public and private accounting. However, many would like more non-public accounting opportunities and some would like the recruiting process to be spread over a longer period of time, e.g., not be so concentrated in the Fall semester.

### Observations and Conclusions

Our data strongly suggest that factors at the *back* end of the recruiting process had more impact than those at the beginning. For example, 70% of respondents felt the office interview was "very important" versus 22% for the campus interview and 31% for the reception/information session. Considering what most students felt was "helpful" about office visits (i.e., "chance to speak with more people;" "chance to ask more questions;" "able to see firm's facilities;" "learn more about the job I would be doing") it seems that the *substance* of what was learned at the office visit was a major determinant.

At least two related suggestions arise from this conclusion. One is that pre-interviewing receptions might be a stronger tool for generating hires if some structured presentation about the firm were included. Topics might include training, the nature of assignments, what it takes to succeed, etc. The social part of the reception would then enable students to ask more questions early in the process.

Concomitant with the first point is the need to get students to accept invi-

tations for office visits. Our data indicate that most of the students turn down one or more office visits, therefore deciding against a firm even prior to learning the most important things about it.

What is the influence of external opinions? The opinion of others does have an impact on a student's decision in a *significant minority* of cases. In this context, family is "important" or "very important" to 47%; friends 28%; placement office 11%; and faculty 9%. The *general* reputation of the firm is a key ingredient. This is confirmed by the fact that the "reputation of the firm was "important" or "very important" to 94% of the respondents. It seems that the perception of the firm held by a broad public will impact on the acceptance of job offers and that it would help if family members understood and supported the appropriateness of their son or /daughter entering a firm.  $\Omega$

Anthony T. Krzystofik  
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# TERMINAL PESSIMISM SETS IN

Whenever the recession ends, the economy won't pick up quickly enough to absorb the backlog of newly-qualifieds entering the market every six months

**Peter Carty**

**T**his month, a look at salaries in public practice – and there has been no real improvement recently. If anything the FRES survey indicates that starting salaries have declined slightly since we covered this sector six months ago.

To find out what is really going on in the practice job market it is necessary, as usual, to talk to the people at the sharp end – the recruiters. I always find it refreshing that, by and large, recruitment consultants tell it like it is. A property columnist, by contrast, spends large amounts of time dealing with wily professionals trying to talk the market up. Readers may find this honesty a mixed blessing at present, however.

Patrick Porter of Robert Half leads off by confirming the survey's impression of moribund salaries. He says that many firms have salary reviews once a year now, rather than twice as before, and worse, many firms are frequently not giving staff rises. 'I've heard the words "pay freeze" mentioned on more than one occasion recently,' he adds.

Chris Nelson of Michael Page confirms this, drawing on the hard evidence of a separate salary survey of around 400 accountants in public practice his company has carried out. 'To be honest, there's a high percentage of people who've received nothing, probably as many as 35% to 40%.' The Page survey shows another 40% getting rises of about 2%, with only the top 10% to 15% getting 7% or 8%.

So is it short rations for most practitioners, with the firms assuaging only high flyers with fatter pay-packets? Mr Nelson says yes, commenting: 'I think firms are conscious, given that we hope to come out of recession in the next 6, 9, 12 months whenever it is, that they should be careful not to freeze the very good people because when the upturn comes, what they don't want to do is lose their best people.'

The Page survey covers those already in jobs. But the situation is worse for the majority of chartered accountants seeking a position. Many are being taken on at very low starting salaries. The general market rate for newly-qualifieds in particular appears to be regressing, while jobs offered to experienced but redundant personnel are paying lower salaries than they would have

guy on the phone,' recalls Mr Nelson. 'He was earning 42K a year ago, was made redundant from one of the corporate finance teams; I've just put him into a medium-sized firm at 37½K, that's a four grand drop. The prospects are very good for him – it's a very good job – but if you look back, two years ago he would have been looking for 20% to move; he would have been saying, "Well, give me 50 grand and I'll move". Another position I've just filled today, personal tax market, somebody who was on 17,750 has moved to 16½; she's been out of work for three months.'

So it's bargain basement time for firms recruiting staff. But despite this the recruiters say it is difficult to find high-calibre personnel. 'There's hundreds of newly-qualified chartered accountants looking for jobs,' Mr Porter says, 'but it's the quality. It's the perception of quality which isn't there: you know, "Have these people got what it takes?"'

Some of the firms looking for staff are understandably wary and hedge their bets. According to Mr Porter, 'What they're saying is "Come in for six months and if you work out well we'll give you an increase after that"'. And there's the rub: 'You don't know whether the increase is actually going to materialise, do you?', he points out. But it's a risk for the firms as well: 'There's the gamble aspect to it which seems to be prevalent.'

There are some buoyant niches in a market scraping along the bottom. 'There's pockets of activity within the specialisms,' says Mr Nelson, citing forensic accounting and personal taxation as examples. And in the wake of the election there should be a

modest rise in recruitment activity, demand pent up in the run-up period released.

But longer term, the outlook for the practising firms is grim. 'The problems on practising side go beyond the recession,' explains Mr Porter. 'I think any improvement in the economy isn't going to necessarily improve job prospects in practising firms. In commerce and industry, may yes, headcount freezes may come off, certainly not in practice, particularly with the number of qualified chartered accountants entering the market every six months. I really think these redundancies aren't going to be a case of '90, '91, '92, it's going to be '92, '93, possibly even '94.'

'This is partly because it's going to be a very slow climb out of recession, but although the number of graduates entering has declined, the quality has increased and pass rates are going to be even higher than anything. The numbers aren't going to drop that much, because there's three years worth already in the pipeline. So the numbers are going to continue coming through and the economy isn't going to pick up sufficiently to soak up all those excess chartered accountants.'

Morale is at an extremely low ebb. 'The recession's gone on for so long now that optimism's gone,' says Mr Porter. 'Terminal pessimism seems to have set in, it really has. In six months the difference is amazing. A few firms are saying, "Well, we're doing OK", but they're not jumping up and down and shouting it out. They're just saying "We're doing OK and we're bloody grateful we are"; they're not saying "things are improving".'

## CURRENT PUBLIC PRACTICE STARTING SALARIES

Job title	Greater London £000	Midlands/ East Anglia £000	South east £000	South west /Wales £000	North east £000	North west £000	Scotland £000
Senior Supervisor	20.5	17	19	17.5	13.5	16.5	17
Assistant manager	25	19	21	19	16.5	18	20
Manager	25	20.5	-	20	21	20	24
	32	24.5	29	25	24	24.5	27

Financial benefits for all levels from supervisor up usually include a car and often include a pension

May 1992  
Accountancy

## Guest Editorial

Jan '90  
(PA Journal)

# Is There A Future for Auditing?

*[Editor's Note: We have just rushed full speed into the 1990s! As we enter the home stretch of the 20th century, we sense an anticipation of change at an even faster rate, with a fair share of question marks as to where the changes will occur. Our guest editorialist for this "beginning of the end" is A. A. Sommer, Jr., who reflects on the future of auditing.]*

Mr. Sommer is chairman of the Public Oversight Board of the SEC Practice Section of the Division for CPA Firms of the AICPA, having been on the Board since 1983. He was a Commissioner of the SEC from 1973-1976. A Partner in the law firm of Morgan, Lewis & Bockius, Washington DC, Mr. Sommer has a way of seeing the best of what the profession does and continues to be a strong supporter of the profession's self-regulatory efforts.]

It is not difficult to prove that accounting and auditing are at the very heart of our system of enterprise. Capitalism is all about numbers, for it is through numbers that the values of assets are expressed, liabilities are denominated, earnings and losses are told. As society and business have become more and more complex, the processes by which those numbers so meaningful to the economy are derived have become, not surprisingly, significantly more complicated and even arcane.

Even if we lived in a world in which we could trust everyone to be candid, honestly representing the numbers portraying their businesses, there would remain the difficulty of determining how the numbers were derived, how they were calculated, what assumptions went into them, what procedures were followed in developing them.

Thus, we have the enormously important job of accounting: developing the numbers according to commonly understood and accepted rules, seeing that the events and circumstances surrounding those numbers are adequately described, and developing those rules and principles of

disclosure as well. This leads, of course, to the equally important role of auditing: assuring that the numbers have indeed been calculated using the commonly understood and accepted rules and, to at least some extent, assuring that they are an honest rendition of the underlying reality.

It is impossible to conceive of a functioning capitalistic society without accounting and auditing, healthy and flourishing, pursued by trained, motivated, bright men and women of unimpeachable integrity.

The history of the accounting profession in a capsule is the continuing effort to reach agreement on the rules by which the numbers are to be derived and to assure that they are reviewed in accordance with standards designed to assure their reliability by people free of any bias or impediment to objectivity. It may be truly said that the vast libraries in our accounting firms and elsewhere are all related to these simple propositions.

It is ironic that in this time, when we have come so far in developing accounting principles and auditing standards, there should be concern about the future of the profession. And yet there is.

Recently, the distinguished dean of an outstanding business school narrated with compelling statistics the falloff in the numbers of students in his school and nationwide majoring in accounting both at the undergraduate and graduate school levels. Increasingly they are pursuing courses of study that will take them into investment banking, consulting and other highly publicized paths to uncommon riches.

This tendency on the part of young people to shun a conventional auditing career is undoubtedly influenced by what they hear about the declining profit margins realized on audit work, the long hours demanded of assistants, and the dangers posed by increasing consolidation within the profession.

If these trends continue, the day may not be distant when there will simply not be enough auditors to perform their historically critical function. In the alternative there may be enough people who call themselves "auditors" but whose competence is not equal to their responsibility.

The primary responsibility for avoiding these calamitous consequences is, of course, on the accounting profession, but not there alone. The profession must reexamine the services it can render in this new environment, which has changed the basic techniques of auditing so radically, and must build upon the expertise it has acquired in dealing with computer technology and communication skills. A concept of auditing limited by computer key pushing and pawing over papers will not lure enough of the right people into an accounting career. Only a role that shares the exciting challenges posed to business while at the same time preserving the auditor's historic independence will bring to the profession, and keep in it, the sort of talent that has made American CPAs the respected professionals they are today. This may well enhance the value of

the additional services auditors may be able to render.

There is a role for business in this, too. They must eschew the increasing tendency to view auditing services as simply another service like waste disposal, telecommunications, or building maintenance, to be procured at the lowest possible price. The competition among accounting firms for audit retentions is fierce, and business has seen this as an opportunity to pare another cost of doing business.

This may be tragically short-sighted. It may lead to a deterioration in quality, both of services and of the people rendering them, that in the long run will deprive business of one of its most important assets: the credibility of its financial representations. There is a role here for management and directors to assure that auditors are compensated in a manner that will permit them to attract the next generation to the profession and to reward adequately those now rendering this service so indispensable to the free world. The lowest audit fee may not be the best fee to assure the quality of the profession into the next century.  $\Omega$

A. A. Sommer, Jr.

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## **QUESTIONNAIRE DESIGN**

First, I made an outline of major topics to be covered (from my reading). Then I set out to design questions that would force the recruiters to specifically list things that they would judge, and not allow them an easy "yes" or "no" answer possibility. Also, I wanted the questions (especially the one regarding Personality Styles) to not bias the recruiters as to their answers (i.e. no negative connotation words, phrases, etc.). I used dictionaries, a thesaurus and psychology textbooks to avoid this as much as I could. Included are many rough drafts of my outline and questionnaire. The last item is the list of questions as it was sent to the recruiters.

# Outline

## I. Intro

~~For the~~ During the preparation of your job search for a career in public accounting have you ever wondered "What does an employer really look for in ~~hiring new employees~~ hiring new employees".

## II.

of Attributes

(based on

Journal of Accountancy, Nov. 1988)  
"Interview techniques for hiring the right graduates"

- (A) Physical Appearance
- (B) Character
- (C) Intellect
- (D) Academic Achievements
- (E) Emotional Characteristics
- (F) Personality Style
- (G) Computer Literacy

### III. Research Companies

(A) culture (def. from article)

~~(B)~~

### IV. Summary

— Be Yourself ~~Be your best~~

3 Bs  
(ala-me)

— Be Prepared

— Be your Best

## (A) Physical Appearance

### ① Dress

- suit

- conservative but sharp

### ② Grooming

- clean shaven

- neat appearance

- well kept

- new hair cut

## (B) Character

### ① Reliability

### ② Honesty

### ③ Integrity

try to show through  
past experiences  
(jobs, ~~etc.~~) that you  
embody these traits.

## (C) Intellect

- Flexibility - not set in your ways, open to change

- Ability to communicate - at ease with many types/backgrounds of people

## (D) Academic ~~st~~ Achievements

- ① GPA
- ② Scholarships
- ③ Honors received

① activities involved in  
② Offices held  
Be prepared to defend/explain responsibilities undertaken

## (E) Emotional Characteristics

- ① Work Ethics
- ② Positive Attitude
- ③ Stability
- ④ Self-Confidence
- ⑤ Sense of Humor

Show you are a well-rounded, enthusiastic person w/ lots of energy

## (F) Personality Style

- ~~Does it~~
- ① Dominant-Aggressive
  - ② Talker Persuader
  - ③ Steady-Organized
  - ④ Detail-perfectionist

Does it fit the firm



## ⑥ Computer Literacy

① places taken ) minor point  
② software used

Familiar <sup>around</sup> ~~with~~ & unintimidated ) major point  
by computers

# Questions (by category)

A. What characteristics of a candidate's physical appearance are most important?

~~What general things do you look for in a candidate's appearance~~ or

B. ~~What actions of~~ ~~How can~~ a prospective employee could demonstrate their reliability & honesty?

C. What attributes stand out in your mind to be attributes of honesty? 2

~~What do you evaluate in judging the reliability & honesty of the person being interviewed?~~ or

~~What~~

C. What types of <sup>extracurricular</sup> activities do you like to see on a person's resume?

~~What~~ Personality & emotional

F. What things are evaluated when looking at a candidate's computer literacy background?

# questions for emotional char's

Give specific examples of how  
you judge the 6 emo. char's  
of a candidate

or

# Personality Style Q's

option

1. Though <sup>you may think all of these categories are valid</sup> ~~the importance of each category is <sup>acknowledged</sup> ~~great~~~~ <sup>important,</sup> ~~pick~~ <sup>choose</sup> ~~the top 2 that you are most~~ likely to look for in new hires? <sup>that are most appealing in interviewees.</sup>

2. ~~State the characteristics that allow you to judge each of the 4 areas of personality.~~

3. ~~Which type of person do you look for?~~

4. Describe how each of the 4 categories agrees/disagrees <sup>work</sup> w/ the personality of your firm

# OUTLINE HONORS THESIS

## I. INTRO

During the preparation of your job search for a career in public accounting have you ever wondered, "What do employers really look for when hiring new employees."

## II. ATTRIBUTES SOUGHT

(Based on Journal of Accountancy, Nov. 1988 "Interview Techniques for Hiring the Right Graduates")

### A. Physical Appearance

#### 1. Dress

- Conservative but Sharp

#### 2. Grooming

- Neat Appearance
- Well Kempt (Consider recent haircut - avoid new style)
- Clean Shaven (Men)

### B. Character

Try to show (through ~~past~~ experiences - jobs, etc.) that you embody these traits.

#### 1. Reliability

#### 2. Honesty

#### 3. Integrity

*Look them words up. After saying honesty, what does saying integrity add?*

### C. Intellect

#### 1. Flexibility - not set in your ways, open to and accepting of change

#### 2. Ability to Communicate - at ease with many types and backgrounds of people

### C. Academics & Achievements

Be prepared to explain any responsibilities undertaken

#### 1. GPA

*Scholarships*

#### 2. Scholarships & Honors Received

#### 3. Activities Involved in

#### 4. Offices Held

*These are not characteristics of intellect*

*Extracurricular*

*results of*

*5/6 elsewhere*

Brief statements

Emotional Characteristics

Show you are a well-rounded, enthusiastic person w/ lots of energy

1. Work Ethics
2. Positive Attitude
3. Stability
4. Self-Confidence
5. Sense of Humor

6. Flexibility ~~+~~

Personality Style

Find which fits the firm the best

1. Dominant-Aggressive
2. Talker-Persuader
3. Steady-Organized
4. Detail-Perfectionist

I think you could develop these categories in to Q. Have recruit describe personality of firm. Ask Q which 1) agree & personality and Q which 2) disagree & personality.

Computer Literacy

Major Point

Show that you are familiar <sup>with</sup> ~~around~~ and unintimidated by computers

Minor Point

1. Classes Taken
2. Software Packages Used

III. RESEARCH COMPANIES

A. Firm Culture

Does the firm's culture fit yours

IV SUMMARY

A. Three B's

- Be Prepared
- Be Your Best
- Be Yourself

You are examining attributes sought by firms.  
You are not examining preparation & techniques of job applicants.

honest — never deceiving, stealing, or taking  
advantage of the trust of others //  
sincere, truthful

integrity — moral soundness, probity //  
wholeness, completeness

# Personality Style

## 1. Dominant - Aggressive

Dominant

\* controlling, ruling //  
most noticeable //  
commanding by position //

Aggressive

wanting to dominate by attacking, domineering  
involving attack  
\* enterprising & forceful

## 2. Talker - Persuader (Interactionist)

Persuasion - capacity or power to persuade

Persuade - to cause someone to do  
something by reasoning, coaxing, urging etc.  
to cause someone to believe something  
by reasoning, etc.



### 3. Steady - Organized

steady - not changing, constant, regular //

well balanced & serious, not trivialists  
not easily excited or upset

organized -

to give an orderly structure to  
arrange the parts of something so that  
it works as a whole  
to become systematized  
= (i.e. systematic)

methodical, working in accordance  
with a system

### 4. Detail-Perfectionist

detailed - giving minute particulars, full  
of detail

perfectionist - a person who is  
not content with anything less  
than the very best.

Questions regarding attributes sought in new employees:

*Many people think that*  
A. Physical Appearance *and presentation are important in a hiring decision.*

What characteristics of a candidates' physical appearance are most ~~important~~?

*Noticeable and appealing in a job interview?*

*Noticeable and unappealing*  
B. Character *is one that character is one important in a hiring decision. v.i.z. Employers want to hire reliable and honest employees.*

What attributes stand out in your mind as being attributes of reliability?

What attributes stand out in your mind as being attributes of honesty?

What actions of a prospective employee could demonstrate their reliability?

What actions of a prospective employee could demonstrate their honesty?

*Same as above*  
C. Academics & Achievements

What types of extracurricular activities do you like to see on a person's resume?

D. Computer Literacy

What items regarding computer literacy are evaluated when looking at a candidate and their resume?

E. Emotional Characteristics

Please give a short statement pertaining to how you judge each of the following:

1. Work ethics
2. Positive Attitude
3. Stability
4. Self-confidence
5. Sense of humor
6. Flexibility

F. Personality Style

*This needs more ...*

Though you may find all of four of the personality styles to contain "valued" characteristics, which one in your judgement ~~is the most appealing~~ in new candidates?

*Should be more than one?*

The styles are defined as follows:

- A) Dominant-Aggressive
  - "Controlling and noticeable"
  - "Enterprising and forceful"
- B) Talker-Persuader
  - "Verbally oriented"
  - "Good reasoner and coaxer"
- C) Steady-Organized
  - "Well-balanced and serious"
  - "Systematic"
- D) Detail-Perfectionist
  - "Deals well with minute particulars"
  - "Uncontent with less than best"

Following are the questions that will be asked during the interview:

According to my research, the attributes listed below have been perceived as important factors in rating perspective new employees.

A. Physical appearance

(Results indicate that employers want to hire those who have a well groomed physical appearance and a professional presentation.)

What characteristics of a candidates' appearance are most noticeable and appealing to you in a job interview?

B. Character

(Firms seem to be very concerned with hiring reliable and honest employees.)

What attributes stand out in your mind as being attributes of reliability?

What attributes stand out in your mind as being attributes of honesty?

What actions of a prospective employee could demonstrate their reliability?

What actions of a prospective employee could demonstrate their honesty?

C. Academics & Achievements

(Those students who have reasonably high academic standards in addition to a well-rounded base of activities seem to have an increased chance of finding employment.)

What types of extracurricular activities do you like to see on a person's resume?

D. Computer Literacy

(Research indicates that most accounting firms would like for prospective employees to have some hands-on experience working with computers.)

What items regarding computer literacy are evaluated when looking at a candidate and their resume?

#### **E. Emotional Characteristics**

(My research has indicated that most employers would like a good indication that each employee possesses these emotional characteristics.)

Please give a short statement pertaining to how you judge each of the following:

1. Work ethics
2. Positive Attitude
3. Self-confidence
4. Sense of humor
5. Flexibility

#### **F. Personality Style**

Though you may find all four of the personality styles to contain "valued" characteristics, in your judgement, which style should a well-qualified candidate possess to a greater degree?

The styles are defined as follows:

**A) Dominant-Aggressive**

This person is skilled at controlling and leading, is usually one of the most noticeable and possesses great ability to be enterprising and forceful.

**B) Talker-Persuader**

This person is very verbally oriented, is a good reasoner and/or coxer and is skilled at addressing peoples' arguments and concerns.

**C) Steady-Organized**

This person is well-balanced and dependable while being very systematic in their approach of problems.

**D) Detail-Perfectionist**

This person deals well with minute particulars, is very thorough and is discontent with anything less than best.

## **TAPING, EDITING & POLISHING**

Next, I set up interviews with six recruiters (two from "Big Six" firms, two from regional firms, and two from local firms) so I could videotape them. I sent them the list of questions at least a week early so I would not "hit them cold". I videotaped each of them in their offices, and all were friendly and willing to help.

The editing process was long and tedious. I viewed each set of answers to a question at least twice and tried to choose the best three responses from each, while at the same time trying to include approximately the same number of responses from each.

The polishing involved drawing up a handout which the students could read before/during viewing the video. This handout includes an outline of the video as well as bios of each recruiter.

Included in this section are the final copies of each sheet listed above. The student handout (which has been reduced to fit onto one page) is the last sheet provided.

## RECRUITING IN PUBLIC ACCOUNTING - RECRUITER BIO'S

### LINN CRULL

Linn has worked in public accounting for fifteen years. He has spent his entire career with R. J. Whiting and Company and is currently the Personnel Partner for that firm. He has had direct involvement with the recruiting process for the last five years.

### DICK CULP

Dick has worked in public accounting for twenty four years, all of which have been with Arthur Andersen. He is now the Director of Administration, Personnel and Recruiting with twenty years of direct involvement in recruiting.

### MARK DOWNHAM

Mark has worked in public accounting for fourteen years all of which have been spent with the firm of Ernst & Young. He is currently the Director of Human Resources, a position which he has held for four years. Mark has been very involved with recruiting for the last ten years.

### STEVE GAYLORD

Steve has worked in public accounting for over twenty one years. He has spent the last fifteen of those with the firm of Katz, Sapper & Miller. He is the Partner in Charge of Audit Services and possesses over twelve years of recruiting experience.

### JOHN HOLDEMAN

John has worked for Crowe Chizek for four years and for three of them has been the Partner in Charge of Firm Wide Recruiting. Previously, among other positions he has worked in a private accounting practice. In total he has had direct involvement with the recruiting function for over twenty five years.

### TIM MICHEL

Tim has worked in public accounting for ten years. He is now in his ninth year with the firm of George S. Olive. Currently, Tim is the Manager of the Human Resources Department. He has worked directly with the recruiting process for over four years.

## RECRUITING IN PUBLIC ACCOUNTING - STUDENT OUTLINE

This video is intended to inform the student interested in a position in public accounting about some of the important factors which recruiters base their hiring decisions on. The format for each question includes a short introduction of the question succeeded by answers from some of the recruiters. The questions are presented in the following order:

### A. Physical appearance

What characteristics of a candidates' appearance are most noticeable and appealing to you in a job interview?

Respondents: John Holdeman, Tim Michel, Steve Gaylord

### B. Character

What attributes stand out in your mind as being attributes of reliability and honesty, and what actions of a prospective employee could demonstrate those attributes?

Respondents: Linn Crull, Mark Downham, Dick Culp

### C. Academics & Achievements

What types of extracurricular activities do you like to see on a person's resume?

Respondents: John Holdeman, Steve Gaylord, Mark Downham

### D. Computer Literacy

What items regarding computer literacy are evaluated when looking at a candidate and their resume?

Respondents: Tim Michel, Mark Downham, Steve Gaylord

### E. Emotional Characteristics

The recruiters were asked to give a short statement pertaining to how they judge each of the following:

	<u>Respondent(s)</u>
1. Work ethics	Linn Crull, Dick Culp
2. Positive Attitude	Dick Culp
3. Self-confidence	Linn Crull
4. Sense of humor	Tim Michel
5. Flexibility	Tim Michel



#### F. Personality Styles

Though you may find all four of the personality styles to contain valued characteristics, in your judgement, which style should a well-qualified candidate possess to a greater degree?

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This person is very verbally oriented, is a good reasoner and/or coxer and is skilled at addressing peoples' arguments and concerns.

**C) Steady-Organized**

This person is well-balanced and dependable while being very systematic in his/her approach of problems.

**D) Detail-Perfectionist**

This person deals well with minute particulars, is very thorough and is not content with anything less than best possible outcome.

Respondents: John Holdeman, Tim Michel, Mark Downham

#### G. Closing Comments

The recruiters were asked to make a summary statement pertaining to the recruiting process.

Respondents: Linn Crull, John Holdeman, Dick Culp

## RECRUITING IN PUBLIC ACCOUNTING - RECRUITER BIO'S

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Respondents: John Holdeman, Tim Michel, Steve Gaylord

### B. Character

What attributes stand out in your mind as being attributes of reliability and honesty, and what actions of a prospective employee could demonstrate those attributes?

Respondents: Linn Crull, Mark Downham, Dick Culp

### C. Academics & Achievements

What types of extracurricular activities do you like to see on a person's resume?

Respondents: John Holdeman, Steve Gaylord, Mark Downham

### D. Computer Literacy

What items regarding computer literacy are evaluated when looking at a candidate and their resume?

Respondents: Tim Michel, Mark Downham, Steve Gaylord

### E. Emotional Characteristics

The recruiters were asked to give a short statement pertaining to how they judge each of the following:

	<u>Respondent(s)</u>
1. Work ethics	Linn Crull, Dick Culp
2. Positive Attitude	Dick Culp
3. Self-confidence	Linn Crull
4. Sense of humor	Tim Michel
5. Flexibility	Tim Michel

### F. Personality Styles

Though you may find all four of the personality styles to contain valued characteristics, in your judgement, which style should a well-qualified candidate possess to a greater degree?

The styles are defined as follows:

#### A) Dominant-Aggressive

This person is skilled at controlling and leading, is usually one of the most noticeable people in a group and possesses great ability to be enterprising and forceful.

#### B) Talker-Persuader

This person is very verbally oriented, is a good reasoner and/or coxer and is skilled at addressing peoples' arguments and concerns.

#### C) Steady-Organized

This person is well-balanced and dependable while being very systematic in his/her approach of problems.

#### D) Detail-Perfectionist

This person deals well with minute particulars, is very thorough and is not content with anything less than best possible outcome.

Respondents: John Holdeman, Tim Michel, Mark Downham

### G. Closing Comments

The recruiters were asked to make a summary statement pertaining to the recruiting process.

Respondents: Linn Crull, John Holdeman, Dick Culp

### REACTION SUMMARY

Overall, this project proved to be a very good experience. I definitely learned a great deal of things to do differently when producing/making a video. In the end I am very happy with the result. I had hoped for a more professional graphics package in the video. However, the Ball State Telecommunications department proved to be very unhelpful and rude regarding any inquiries about the use of their equipment and stated in no uncertain terms would I be allowed access to it.

Since recruiting itself is a very subjective concept it was sometimes difficult to "tie the recruiters down" as to specific things they judge and why. But, looking at the video from the viewpoint of a soon-to-be-interviewing student, I think there are many things to be learned just by understanding what the recruiters are thinking regarding hiring decisions.